



**CMIPS II  
REQUEST FOR PROPOSAL  
HHSDC 4130-141A  
Addendum 12**

**Section 11A  
CONTRACT**

**For the Period of Design, Development and  
Implementation**

## STD FORM 213

STATE OF CALIFORNIA

### STANDARD AGREEMENT

STD 213 (Rev 06/03)

AGREEMENT NUMBER

REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

Health and Human Services Agency/Office of Systems Integration

CONTRACTOR'S NAME

2. The term of this Agreement is: \_\_\_\_\_ through \_\_\_\_\_

3. The amount of this contract shall not exceed \_\_\_\_\_, consisting of \_\_\_\_\_ for the fixed price and volume dependent fixed rate tasks specified herein, plus \_\_\_\_\_ set aside for payment of work authorizations specifically authorized herein.

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

General Terms and Conditions	X pages
Exhibit 1 – Statement of Work	X pages
Exhibit 2 – System Requirements	X pages
Exhibit 3 – Deliverables and Milestones	X pages
Exhibit 4 – Rates and Pricing	X pages
Exhibit 5 - Certifications	X pages
Exhibit 6 – Performance Bond	X pages
Exhibit 7 – Federal Assurances – Non-construction Programs	X pages
Exhibit 8 – Vendor's Proposal	X pages
Exhibit 9 – Glossary and Acronyms	X pages

**IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.**

#### CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

BY (Authorized Signature)

DATE SIGNED(Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

#### STATE OF CALIFORNIA

AGENCY NAME

BY (Authorized Signature)

DATE SIGNED(Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

**California Department  
of General Services  
Use Only**

☐ Exempt per:

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## **GENERAL TERMS AND CONDITIONS**

### **1 DEFINITIONS**

Definitions for terms in this Contract shall be as stated in Exhibit 9, Glossary and Acronyms which is incorporated into and made a part of this Contract as though fully set forth herein, and as provided throughout the document.

### **2 TWO CONTRACTS**

Two contracts will be issued for RFP 4130-114A. The first contract shall be effective for the period of and contain the budget authorization for the Design, Development and Implementation (DDI) Phase and continue until final State Acceptance of the production CMIPS II application and the State's written Acceptance of Statewide Implementation as measured by the successful completion of the Post Statewide Implementation Review. The second contract shall be effective thereafter and contain the budget authorization for the Maintenance and Operation Phase including any optional extension years. These General Terms and Conditions including all Exhibits shall apply continuously throughout the period of the two contracts.

As used in these General Terms and Conditions and unless otherwise stated the phrase “this Contract,” “the Contract,” or “Contract” shall refer to the Contract in effect at any given point in time and may be understood to generically include both Contracts.

### **3 SCOPE OF WORK**

Contractor shall design, develop, implement, operate, and maintain as more specifically provided in Exhibit 1, Statement of Work a comprehensive Case Management, Information and Payrolling System (CMIPS II) for the Personal Care Services Program/In-Home Supportive Services (IHSS) Plus Waiver/IHSS Residual Program (PCSP/IPW/IHSS-R) and provide CMIPS II services and support to the California State Office of Systems Integration (OSI) hereinafter referred to as the "State," on behalf of the California Department of Social Services (CDSS), as described herein.

### **4 TERM**

The term of the Contracts issued as a result of RFP 4130-114A shall begin on the Execution Date and shall continue for seven years thereafter, unless terminated earlier as provided herein. At the expiration of the seven year term, the State reserves the option to extend the term for three additional periods of one year each at the cost for that year specified in Exhibit 4, Rates and Pricing, upon 180 days prior Notice to Contractor of its intent to extend the Contract for the first such extension, and upon 90 days prior Notice to Contractor for each such extension thereafter. Any extension of the term of this Contract is effective upon the State's sending Notice as required by this Contract.

This Contract shall not be effective until the State receives written approval provided by the Centers for Medicare and Medicaid Services (CMS) pursuant to 45 CFR 95.611, and approval by the California Department of General Services.

## **5 DELIVERABLES**

The Contractor shall develop and deliver all Deliverables listed in Exhibit 3 - Deliverables and Milestones and all Deliverables listed in the Master Work Plan pursuant to Paragraph 3.1.2 of the Statement of Work, Exhibit 1 of this Contract.

### **5.1 Effect of Acceptance**

The parties acknowledge and agree that the Acceptance of a Deliverable indicates only that the State has reviewed the Deliverable, that the deliverable meets the applicable Acceptance Criteria, and that the State has detected no material Defects in the Deliverable at that time. Acceptance of a Deliverable shall not change, waive, or in any way lessen the Contract requirements. The Parties agree that Contract requirements shall be modified only through a Work Authorization or an amendment to this Contract.

### **5.2 Acceptance**

The State Project Manager's Acceptance of a Deliverable that constitutes a payable event as provided herein will entitle Contractor to submit, and obligate the State to pay, a correct invoice for payment in accordance with this Contract.

### **5.3 Non-Acceptance**

In the event any Goods furnished or Services provided by the Contractor in the performance of this Contract should fail to conform to the requirements of this Contract, or to the sample submitted by the Contractor, the State may reject the same, and it shall become the duty of the Contractor to reclaim and remove the item promptly. In addition to any other rights and remedies the State may have, the State may require Contractor, at Contractor's expense, to ship Goods via air freight or expedited routing to avoid or minimize actual or potential delay if the delay is the fault of the Contractor.

### **5.4 Third Party Equipment**

Contractor shall be responsible for any third party Equipment identified in Contractor's proposal or used by Contractor in operating or providing Services in support of CMIPS II. The State hereby appoints Contractor as its agent with respect to third party equipment for which the license is held by the State. With respect to any such third party Equipment, Contractor's responsibility, as the agent of the State, is to implement all reasonable efforts to repair or provide a work around or suitable replacement product such that any service or deliverable provided by Contractor meets Contractor's warranty as specified in Section 7.1 of this Contract. In no event, however, shall Contractor's liability to repair or provide a work around or suitable replacement product for any such third party Equipment exceed in the aggregate ten percent of the Contract amount for the Design, Development, and Implementation (DDI) Phase.

## **6 FINANCIAL MATTERS**

### **6.1 Payment**

Unless otherwise specified, payment shall be made in accordance with State of California Government Code Section 927 et seq., as applicable. Payment shall not be due until the receipt of an invoice for the completion of a sub-phase as defined herein, an Accepted Deliverable or Service. An invoice for a sub-phase, Deliverable, or Service received by the State before the Acceptance of that sub-phase, Deliverable, or Service, is in dispute and will not be due and payable by the State until Acceptance of the sub-phase, Deliverable, or Service. Deliverables during Design, Development, and Implementation (DDI) are subject to a 10% withhold until acceptance of the entire system.

The State shall have the right to withhold or delay payments to Contractor, in whole or in part, if Contractor fails to perform its obligations set forth in this Contract and as identified in a notice of dispute.

### **6.2 Invoices**

Invoices shall be submitted the month following the month in which the charges are incurred. Work shall be paid at the applicable Contract rate in effect at the time the work is performed.

Invoices for the DDI phase, Maintenance Releases, Equipment, and Software for the System become due as provided herein, at Paragraph 6.3, Invoicing Events.

For the maintenance portion of the Maintenance and Operation (M&O) phase, the Contractor can invoice for System Maintenance and Enhancements Services based upon successful completion and State Acceptance of each CMIPS II Maintenance Release (Statement of Work, Paragraph 4.3.5, Release Management). Payment shall be for Contractor's actual cost based upon the Contract price but shall nonetheless not exceed the estimate amount provided by Contractor and approved by the State Project Manager. The Contractor shall not be paid for the costs associated with correcting System Defects.

#### **6.2.1 State Project Manager Approval**

All invoices submitted must be approved by the State Project Manager or his or her designee prior to payment. Contractor must submit an original invoice and two copies that shall specify the amount due and in which Contractor has certified that Services or Equipment provided under the invoice conform to the requirements set forth in this Contract. Invoices shall not be submitted more frequently than monthly to the State. Invoices payable by the State shall be submitted to:

Office of Systems Integration  
Health and Human Services Agency  
P.O. Box 139014  
Sacramento, CA 95813-8014  
Attention: Accounting Office

### **6.2.2 Inclusion of Contract Number**

All invoices, bills of lading, shipping memos, packages, and any other form of correspondence shall refer to the Contract by number plus any unique identifier generated by the State on a Work Authorization.

### **6.2.3 Information Required**

Invoices shall meet all reasonable State Project Manager or his or her designee requirements as to form and content and account for each billable item by description and cost.

Invoices for Equipment shall account for each item by model number, serial number, and physical location with applicable costs broken down by item price and applicable sales tax. Contractor may provide such Equipment details electronically. The State and Contractor may mutually agree upon additional invoice elements.

For Maintenance Releases, the Invoice shall provide evidence of the actual hours worked by position and cost for each CMIPS II Modification and Maintenance Release compared to the approved estimated effort and budget.

For fixed-rate Services, the Invoice shall include the unit cost, number of units, and total cost incurred for the billing period.

### **6.2.4 Incorrect Invoices**

Contractor shall make every effort to reconcile incorrect invoices in a timely manner, not to exceed 30 days from Notice by the State of a discrepancy. The State shall withhold payments for disputed invoices, or if divisible, disputed portions of an invoice until the discrepancies have been resolved.

## **6.3 Invoicing Events**

During the Design, Development and Implementation (DDI) phase of the Project, the Contractor can invoice the fixed-price cost from Exhibit 4, Rates and Pricing for each sub-phase specified below based upon successful completion and State Acceptance of each sub-phase as measured by the following milestone reviews (Exhibit 1, SOW Paragraph 5.3.4.3, Milestone Reviews):

1. System Requirements Validation Phase measured by the System Requirements Validation Review
2. General System Design Phase measured by the General System Design Review
3. Detailed Design Phase measured by the Detailed Design Review
4. Coding and Documentation Phase measured by the Coding and Documentation Review
5. Integration Test Phase measured by the Integration Test Review
6. Functional Test Phase measured by the Functional Test Review
7. User Acceptance Test Phase measured by the User Acceptance Test Review
8. Pilot Operation Phase measured by the Final Pilot Operation Review
9. Release Readiness Phase measured by the Release Readiness Review
10. Site Deployment Phase measured by the Post Site Implementation Reviews (per site)

## **11. Completion of DDI phase as measured by the Post Statewide Implementation Review**

The State will withhold 10 percent of the fixed-cost of each DDI sub-phase or Deliverable and pay it to the Contractor upon successful completion of the entire DDI phase as measured by the Post Statewide Implementation Review.

For the DDI phase and except for hardware and software installed at CDSS Adult Programs Branch (APB), Contractor may not invoice the State for hardware and software costs, including any maintenance and licensing agreements, necessary to implement the terms of this Contract prior to successful completion of Pilot Operation Review.

For the Maintenance and Operation (M&O) phase, the Contractor may submit a monthly invoice based upon Services that the Contractor provided for that month at the rates provided in Exhibit 4 - Rates and Pricing.

Contractor shall not submit an invoice and will not be compensated for costs associated with preparing or executing a Corrective Action Plan (CAP) or otherwise correcting any Defects in the System.

### **6.4 Work Authorizations**

Work Authorizations that have been approved pursuant to procedures in Paragraph 10, Work Authorizations, shall be billed monthly in arrears following the month the Contractor completes the Work Authorization. No invoice for Work Authorization will be due and payable by the State until Acceptance of the Deliverable or Services provided. An invoice for a Work Authorization received by the State before Acceptance of the Deliverable or Services provided is in dispute and will not be due and payable by the State until Acceptance of the Deliverable or Service. Contractor shall not charge the State for preparing a Work Authorization.

### **6.5 No Increases**

Contractor shall not increase the rates listed in Exhibit 4 - Rates and Pricing during the term of this Contract.

### **6.6 Non-appropriation of Funds**

Payment pursuant to this Contract, whether in whole or in part, is subject to and contingent upon the continuing availability of Federal and State funds through the Federal and State Budget processes for the purposes hereof. If such funds or any part thereof, become unavailable, the State, in addition to any other remedies, may:

1. Issue a stop work order for this Contract or the portion affected thereby;
2. Issue a Work Authorization; or
3. After providing Contractor written Notice, as soon as the unavailability of funds becomes known to the State, terminate this Contract under Paragraph 16, Termination, and Paragraph 16.2.1, Funding Changes, of this Contract.

## **6.7 Transportation and Insurance Charges**

The costs associated with transportation, delivery and insurance of each Deliverable, if any, shall be paid for by Contractor and shall not be charged to the State.

## **6.8 Taxes**

Unless otherwise required by law, the State of California is exempt from Federal excise taxes. The State will only pay Contractor for any State or local sales or use taxes imposed on the Services rendered or goods supplied to the State pursuant to this Contract. However, Contractor must pay all other applicable taxes including, but not limited to, taxes based on Contractor's income or personal property taxes levied or assessed on Contractor's personal property to which the State does not hold title. The prices listed in Exhibit 4 - Rates and Pricing shall include all applicable Federal, State, and local taxes and duties in existence as of the date this Contract is submitted to Department of General Services (DGS) for approval. After Notice to the State Project Manager and pursuant to the State Project Manager's direction, such prices shall be increased by the amount of any after-imposed Federal, State, and local taxes and decreased by the amount of any after-relieved Federal, State, or local taxes, except social security or other employment taxes, as applicable.

## **6.9 Contractor Expenses**

The consideration to be paid to the Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including without limitation travel and per diem, unless otherwise expressly agreed to in writing by the State Project Manager prior to the expenditure of such funds.

## **6.10 Overpayments to Contractor**

The Contractor shall promptly refund to the State the full amount of any erroneous payments, incorrect payments or overpayments upon determination by Contractor or upon receipt of Notice from the State Project Manager provided that such Notice sets forth in reasonable detail the basis for the State's determination of an erroneous payment, incorrect payment, or overpayment.

## **6.11 Credits and Right to Set Off**

Amounts due the State by Contractor, including but not limited to liquidated or other damages, or claims for damages, may be deducted, credited or set-off by the State from any money payable to Contractor pursuant to this Contract. Any such amounts due the State under this Contract may be applied against Contractor's invoices with appropriate information attached, upon giving of 30 days prior Notice by the State Project Manager to Contractor.

## **6.12 Advance Payments Prohibited**

No payments in advance of or in anticipation of Services, Deliverables, Software or Equipment to be supplied under this Contract shall be provided by the State.

### **6.13 Payments to Subcontractors**

Money paid to Contractor by the State shall be dispersed to Contractor's Subcontractors after receipt of the money in accordance with the terms of the subcontract. Upon final payment to Contractor, full payment to the Subcontractors shall be made, provided there are no bona fide disputes over the Subcontractor's performance under such subcontract.

### **6.14 Supplemental Contracts**

The State may have, undertake or award supplemental contracts for work related to this Contract or any portion thereof. Contractor shall cooperate with the other contractors and the State in all such cases. To the extent that such cooperation requires additional work on the part of Contractor the parties will authorize such work in a Work Authorization.

### **6.15 Reduction in Price**

If there is a material reduction in the work or Services provided to the State by Contractor there shall be an equitable reduction in the price the State pays to Contractor for such work or Services.

## **7 EQUIPMENT**

### **7.1 Main System Components**

#### **7.1.1 Placement of CMIPS II Main System Processing Platform Components**

If the services and equipment provided by the Contractor involve mainframe, midrange, mini-computer, or server-based technical solution(s), any hardware equipment specified for the main processing for the CMIPS II System (production and operation equipment) shall be installed and shall operate at the State Data Center administered by the California Department of Technology Services (DTS), unless otherwise agreed to by the State Project Manager.

#### **7.1.2 Purchase of Equipment**

The Contractor, with support from the State Data Center, shall purchase in the name of the State, the CMIPS II equipment and software identified in Exhibit 1, Statement of Work, Table 17 - Equipment Responsibility Summary as being purchased by the Contractor and owned by the State Data Center or CDSS, and as specified in the Architecture Design Specification and Capacity Management Plan.

The Contractor shall coordinate with the County Welfare Departments to ensure they have the specifications needed for the County to purchase, install, and maintain the local area networks and desktop equipment and software that meet the specifications in the Architecture Design Specification and Capacity Management Plan.

The Contractor shall purchase, install, certify and maintain equipment and software for the forms architecture at the County sites as specified in the Architecture Design Specification. This shall include replacement of the seventy (70) printers currently installed and installation of an additional thirteen (13) printers at Counties that currently have no CMIPS print capabilities. The

locations and number of printers can be found in the Bidder's Library, Artifact 13 - Incumbent Vendor Location and Number of Printers.

The Contractor shall purchase, install, and maintain any office equipment and software to be used by the Contractor such as workstations, printers, email server, and copiers, etc.

### **7.1.3 Title to Equipment**

The Contractor shall transfer ownership of the hardware and software required for production and M&O activities, including timesheet processing, to the State. Title to all hardware and software, to the extent that title to the software is transferable, shall pass to the State Data Center upon payment for such Equipment. If the title to the software is not transferable, the State Data Center shall be provided a complete and full license in the State's name for the use of all software used for the Production Processing Platform. Contractor shall provide all such third party software licenses to the State Data Center for pre-approval before securing any such licenses. The State Data Center shall assign to Contractor the rights necessary under each license agreement for purposes of Contractor's performance of this Contract.

### **7.1.4 Option to Purchase from Third Party**

The State shall have the option to purchase any equipment identified in Contractor's proposal for production and M&O, including timesheet processing, from a third party independent vendor, and not from the Contractor, to be decided at the time of purchase.

### **7.1.5 Installation**

If required by Contractor's hardware configuration, and as agreed to by the State, the State Data Center will modify its existing Site to accommodate the placement of the portions of the CMIPS II System to be housed at the State Data Center. Contractor-proposed Modifications shall be limited to those required for the environment of the hardware and shall not include any change to other State Data Center operations or infrastructure such as, without limitation, system interfaces, or networking. Contractor shall install the CMIPS II System housed at the State Data Center in conformity with the hardware manufacturer's and Contractor's specifications and the State Data Center specifications and requirements, if any. Contractor personnel certified by the hardware manufacturer in installation of the manufacturer's hardware shall install, test, and certify that the CMIPS II equipment has been successfully installed to the manufacturer's specifications.

### **7.1.6 Certification of Readiness**

Upon completion of the CMIPS II System Installation at the State Data Center, Contractor shall certify in writing to the State Project Manager that all required State Data Center Site modifications have been satisfactorily completed, that the hardware has been Installed pursuant to and in conformity with all requirements, and the hardware Installation is complete and ready to operate pursuant to manufacturer's and Contractor's specifications.

After certification by the Contractor, any alterations or modifications to the State Data Center Site that are directly attributable to incomplete or erroneous specifications provided by Contractor and which involve additional expense shall be made at the expense of Contractor, to

the extent that such costs would not have been incurred had complete or correct specifications been provided for the initial Installation.

### **7.1.7 CDSS-Adult Programs Branch (APB) and County Forms Architecture - Installation and Certification**

Installation by Contractor of any hardware and software at State Offices, and as applicable County offices and other Sites for County forms architecture shall be performed by appropriately certified and licensed Contractor or Subcontractor personnel and in conformity with the hardware manufacturer's and Contractor's specifications and State, County and other Sites requirements. Upon completion of any Installation, Contractor shall certify in writing to the State Project Manager, for each State, County and other applicable Site location, that all required Site modifications have been satisfactorily completed, that the hardware has been Installed pursuant to and in conformity with all requirements, and that the Equipment Installation is complete and ready to operate pursuant to Contractor's specifications. Installation at State Offices is subject to Acceptance by the State. Any installation at County office sites and other applicable sites is subject to Acceptance by the respective County or organization.

Any subsequent alterations or modifications to any State Office, County Office or other applicable Site which are directly attributable to incomplete or erroneous Specifications provided by the manufacturer or the Contractor and that involve additional expense shall be made at the expense of Contractor, to the extent that such costs would not have been incurred had complete or correct Specifications been initially provided by Contractor.

### **7.1.8 Option to Purchase CDSS-APB Equipment**

The State shall have the option to purchase from Contractor, and the Contractor agrees to sell to the State, all CDSS-APB Equipment (workstations, printers, servers, hardware and software, LAN) at the price contained in Contractor's proposal, or from an independent third party vendor, to be decided by the State Project Manager at the time of purchase. Title to all CDSS-APB Equipment, to the extent title to the software is transferable, shall pass to the State upon exercise of the option and payment for such Equipment. If the title to the software is not transferable, the State shall be provided a complete and full license in the State's name for all software used for CDSS-APB Equipment. Contractor shall provide all such third party software licenses to the State for pre-approval before securing any such licenses. The State shall assign to Contractor the rights necessary under each license agreement for purposes of Contractor's performance of this Contract.

## **7.2 Maintenance**

Contractor shall keep in effect and current for the term of the Contract all hardware maintenance agreements, warranty service and support contracts and licensing agreements for all equipment defined in Exhibit 1 - Statement of Work, Table 17 - Equipment Responsibility Summary, as being maintained by the Contractor.

The Contractor shall maintain and manage for the term of the Contract, in coordination with the State Data Center, system software including, but not limited to, Commercial Off-the-Shelf (COTS) and developed software as part of the base level of service.

The Contractor shall maintain for the term of the Contract, unless otherwise approved by the State Project Manager, all tools and all related data used for CMIPS II development and documentation.

The Contractor shall maintain for the term of the Contract, unless otherwise approved by the State Project Manager, all tools and related data used for managing and maintaining Supporting Processes related to the Contract. Tools and related data for Supporting Processes include, but are not limited to, those used to create documentation, project plans, and reports.

Contractor shall perform directly or coordinate and ensure performance of all maintenance tasks and activities referenced in this subparagraph 6.2, including, but not limited to, identifying software warranty and maintenance periods and renewals, and maintaining all licensing agreements, warranty service and support contracts for the term of this Contract.

### **7.3 Delivery**

Contractor shall strictly adhere to the Delivery Date and Installation Schedules for Equipment specified in the Master Work Plan. Delivery may be restricted by the State to non-peak commute hours at specific State, County, and Public Authority Sites. Time, if stated as a number of days, shall mean calendar days unless otherwise specified. If Contractor delivers in excess of the quantities specified herein, the State shall not be required to make any payment for the excess goods, and may require Contractor to remove the excess goods at Contractor's expense or utilize any other rights available to the State in law or in equity.

### **7.4 Packing and Shipment**

1. All goods are to be packed in suitable containers for protection in shipment and storage, and in accordance with applicable specifications. Each container of a multiple container shipment shall be identified to:
  - a. Show the number of the container and the total number of containers in the shipment; and
  - b. The number of the container in which the packing sheet has been enclosed.
2. All shipments by Contractor or its subcontractors must include packing sheets identifying: the State's contract number; item number; quantity and unit measure; part number and description of the Goods shipped; and appropriate evidence of inspection, if required.
3. Shipments must be made as specified in this Contract.

#### **7.4.1 Transportation Costs and Other Fees or Expenses**

No charge for delivery, drayage, express, parcel post, packing, cartage, insurance, license fees, permits, cost of bonds, or for any other purpose will be paid by the State unless expressly included and itemized in the Contract. Contractor must provide all items Free on Board (F.O.B.) Destination.

### **7.5 Substitutions**

Substitution of Goods may not be tendered without advance written consent of the State. All substitution of Goods shall meet or exceed the specifications contained in this Contract.

Contractor shall not use any specification in lieu of those contained in this Contract without the written consent of the State.

## **7.6 Access**

Contractor shall have access to the Equipment to provide Services described in this Contract, subject to the security regulations existing at the Site(s) where the Equipment is located.

## **7.7 Codes**

Contractor shall comply with all applicable Federal, State, County, and local codes, inspection standards, and ordinances related to installing the Equipment which are in effect on the date of Installation. In the event that any Installation Services performed by Contractor are subsequently found to be in violation of codes in effect on the date of Installation, Contractor shall bring the Installation Services into compliance at no additional cost.

## **7.8 State Obligation to Procure**

The State is not obligated to procure any specific quantity of Equipment.

## **7.9 Supplies**

The State Data Center shall provide all Supplies necessary for the operation of the portions of the CMIPS II System that are at the State Data Center. All Supplies utilized shall be appropriate for the equipment and conform to the equipment manufacturer's or Contractor's published Specifications, as applicable, which are, by this reference, made a part of this Contract as though fully set forth herein. If there are no published Specifications for such Supplies, any Supplies may be utilized that are advertised as appropriate for the Equipment.

The State shall provide all Supplies necessary for the operation of the CDSS-APB Equipment. Counties and Public Authorities shall provide Supplies for Forms Architecture Equipment at their respective locations. Contractor shall provide all other Supplies.

Supplies for CDSS-APB Equipment and for Forms Architecture Equipment shall be appropriate for the equipment and conform to the equipment manufacturer's or Contractor's published Specifications, as applicable, which are, by this reference, made a part of this Contract as though fully set forth herein. If there are no published Specifications for such Supplies, the State, County offices and Public Authorities shall be free to utilize any Supplies that are advertised as appropriate for the Equipment.

## **7.10 Capacity Management Plan**

The Contractor shall provide a Capacity Management Plan as required by Exhibit 1, SOW Paragraph 4.4.3, Capacity Planning and Management. Contractor shall be solely responsible for ensuring sufficient State Data Center services and Network Services capacity at Project Initiation for current and projected System usage over the term of the Contracts (including any extensions) and shall pay all costs associated with all State Data Center services and Network Services requirements that exceed the capacity specified in Contractor's initial Capacity Management Plan.

## **8 WARRANTIES**

### **8.1 System and Services**

1. Unless otherwise specified, the warranties contained in this Contract begin after Acceptance has occurred and continue for the life of the Contract.
2. Contractor warrants that Goods and Services furnished hereunder will conform to the requirements of this Contract (including all descriptions, specifications and drawings made a part hereof), and such Goods will be merchantable, fit for their intended purposes, free from all Defects in materials and workmanship and to the extent not manufactured pursuant to detailed designs furnished by the State, free from Defects in design. The State's approval of designs or specifications furnished by Contractor shall not relieve the Contractor of its obligations under this warranty.
3. Contractor warrants that the whole System shall function, operate and perform in all facilities in full and complete conformity with the requirements of this Contract and Accepted designs, descriptions, and Specifications.
4. Contractor shall, within 30 days of notice from the State, and at Contractor's sole expense re-perform any Services, perform work on any Deliverables, and repair or replace any Goods that are not in compliance with all applicable warranties under Paragraph 8.1, Systems and Services, Paragraph 8.3, Equipment Provided by Contractor, Paragraph 8.4, Four-Digit Date Compliance, and Paragraph 8.5, No Viruses or Disruptive Software.
5. All warranties, including special warranties specified herein, shall inure to the State, its successors, assigns, and customer agencies.
6. Contractor further warrants that:

Contractor shall, subject to Force Majeure, Paragraph 17.15 herein, fully and completely perform the Services as described in this Contract and in accordance with the Master Project Plan and applicable Specifications.

Time is of the essence in this Contract for all Milestones and for Critical Path baseline Deliverables. However, the Contractor shall not be deemed to be in breach of this provision until the provisions of Paragraph 16.11, Disputes and Paragraph 15.2.2, Default of this Contract have been completely exercised. The parties agree that a breach of this provision shall not result in a rescission of this Contract; and

Contractor shall perform all Services required pursuant to this Contract in a professional manner, with high quality, using best industry practices and in accordance with the standards of the manufacturers of applicable Systems' components.
7. All warranties provided by the manufacturer or seller of any third party Equipment provided by Contractor, and for which the State obtains ownership of the license hereunder, shall be passed through by Contractor to the State. The State hereby appoints Contractor as its agent with respect to such third party Equipment for which the license is held by the State. Contractor shall, as the agent of the State, coordinate with such third party vendors any warranty work required under this Contract.
8. Contractor will have no responsibility, warranty or other obligations for schedule delays caused by the State or with respect to work improperly performed by State or County

personnel, the failure of a Deliverable due to misuse or misapplication by the State or County, or a failure to perform due to a force majeure event.

## **8.2 Price**

Contractor shall assume sole responsibility for the accuracy and sufficiency of Contractor prices listed in Exhibit 4 - Rates and Pricing. Contractor warrants that all Contractor prices listed in Exhibit 4 - Rates and Pricing are fixed and shall not be increased for the term of the Contract. Contractor shall be solely responsible for any additional costs related to the full and complete performance of this Contract, except with regard to the State's obligations.

## **8.3 Equipment Provided by Contractor**

Contractor warrants that:

1. The State's use and possession of the Equipment provided by Contractor will not be interrupted or otherwise disturbed by any person or entity asserting a claim under or through Contractor.
2. The Equipment provided by Contractor will be free of any claim of any third person or entity based on patent or copyright infringement, trade secret misappropriation, unfair trade practice, or otherwise.
3. The Equipment will be new and unused.
4. Each item of Equipment, component, or feature delivered hereunder will conform to the detailed Specifications of such Equipment, component or feature. Contractor acknowledges that the State is relying on Contractor's expertise in the choice of Equipment and its configuration.
5. Contractor's Equipment configuration will conform to the detailed Specification of such. Any such configuration shall be deemed not Accepted if not installed in accordance with its Specifications.

## **8.4 Four-Digit Date Compliance**

Contractor warrants that it will provide only Four-Digit Date Compliant (as defined below) Deliverables and/or services to the State. "Four Digit Date Compliant" Deliverables and services can accurately process, calculate, compare, and sequence date data, including without limitation date data arising out of or relating to leap years and changes in centuries. This warranty and representation is subject to the warranty terms and conditions of this Contract and does not limit the generality of warranty obligations set forth elsewhere herein.

## **8.5 No Viruses or Disruptive Software**

Contractor represents and warrants that the System Software provided by Contractor pursuant to this Contract shall contain no viruses, backdoors, bombs, or other software mechanisms, techniques or devices designed to, intercept and retransmit Data, provide unauthorized use of system resources, disrupt, disable or stop its processing of Data. Any Third Party Software warranties against viruses or disruptive software provided by the manufacturer or seller of such Software shall include the State as a direct beneficiary.

## **8.6 Covenant Against Gratuities**

Contractor warrants, by signing this Contract, that no gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by Contractor, or any agent or representative of the Contractor, to any officer, agent, representative, or employee of the State with a view toward securing this Contract or securing favorable treatment with respect to any determinations concerning the performance of this Contract. For breach or violation of this warranty, the State shall have the right to terminate the Contracts, either in whole or in part, and any loss or damage sustained by the State in procuring on the open market any items which Contractor agreed to supply shall be borne and paid for by the Contractor. The rights and remedies of the State provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or in equity.

## **8.7 Good Standing**

Contractor warrants that it is currently in good standing with the State Office of the Secretary of State and qualified to do business in California.

## **8.8 Power and Authority**

The Contractor warrants that it has full power and authority to grant the rights herein granted and will hold the State harmless from and against any loss, cost, liability, and expense (including reasonable attorney fees) arising out of any breach of this warranty. Further, Contractor avers that it will not enter into any arrangement with any third party which might abridge any rights of the State under this Contract.

## **8.9 No Other Warranties**

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS CONTRACT, AND EXCEPT AS TO THE IMPLIED WARRANTY OF TITLE, THE PARTIES MAKE NO REPRESENTATION OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING ANY MATTER.

# **9 ADDITIONAL RIGHTS AND REMEDIES**

## **9.1 Liquidated Damages - General**

### **9.1.1 Acknowledgement of Harm**

The parties agree that any delay or failure by Contractor to timely perform its obligations by the dates in the Master Work Plan and in accordance with the Acceptance Criteria, Specifications, Performance Standards and other requirements in this Contract will interfere with the proper and timely implementation of the System and Services, to the loss and damage of the State. Further, State will incur costs to maintain the functions that would have otherwise been performed by Contractor. The liquidated damages that may be assessed by the State as a result of Contractor's delay or failure to perform its obligations in accordance with the terms of this Contract are as described in Paragraphs 9.1, Liquidated Damages - General and 9.2, Liquidated Damages - Specific Amounts. Liquidated damages will not be assessed if, as determined by the State, Contractor's delay or failure to perform its obligations was caused by factors beyond the control

of Contractor, including acts of the State, and without any material error or negligence of Contractor. The assessment of liquidated damages is subject to the Dispute Resolution process as provided in Paragraph 17.11, Dispute Resolution, et seq. herein.

### **9.1.2 Payment of Liquidated Damages**

For the amount of any such damages, the State shall have the right to reduce the amount of payment due hereunder to Contractor as a credit or offset for the State or require direct payment therefore from Contractor to the State. The parties agree that the damages herein provided are difficult to establish and Contractor shall be assessed the amounts in Contract Paragraph 9.2, Liquidated Damages - Specific Amounts, as liquidated damages and not as a penalty.

### **9.1.3 Other Remedies**

Nothing in the liquidated damages Paragraphs 9.1, Liquidated Damages – General and 9.2, Liquidated Damages – Specific Amounts of this Contract shall be construed as relieving the Contractor from performing any other Contract duty or being subject to any other provisions of this Contract not listed in these liquidated damages paragraphs, nor is the State's right to enforce any other contract duty herein or right to seek other remedies for failure to perform any other section of this Contract diminished.

## **9.2 Liquidated Damages - Specific Amounts**

### **9.2.1 Deliverables**

If Contractor does not deliver a Deliverable in conformance with the Acceptance criteria set forth in the Exhibit 1, Statement of Work Paragraph 3.2.3, Deliverable Standards and Acceptance Process, by the due dates and dates for Acceptance specified in the Deliverable Expectation Document, Exhibit 3 Deliverables and Milestones, or as provided below, the State shall assess liquidated damages at the rate of \$300 per Deliverable for each day or portion thereof that the Deliverable is late and does not meet the Acceptance Criteria. The date for delivery of a Deliverable that meets all Acceptance criteria may be extended as agreed to in writing by the State in which event, liquidated damages would not apply unless the Deliverable was not delivered by the new date.

If pursuant to this Paragraph 9.2.1, a timely delivered Deliverable is determined to not be in conformance with Acceptance criteria and Contractor corrects the deficiencies so that the Deliverable meets Acceptance criteria within 7 calendar days of notice of non-Acceptance from the State, no liquidated damages pursuant to this paragraph shall be assessed. If at the end of that time, the Deliverable still does not meet Acceptance criteria, then liquidated damages shall be assessed from the first day that the Acceptance criteria for that Deliverable was not met.

#### ***9.2.1.1 Master Work Plan***

Contractor shall provide a Master Work Plan which meets applicable Acceptance criteria as required by Exhibit 1, Statement of Work, Paragraph 3.1.2, Master Work Plan, by the time required in Exhibit 3 Deliverables and Milestones. If the State Project Manager determines that Contractor has not provided a Master Work Plan Acceptable to the State within the time

required, Contractor shall be assessed \$1,200 as liquidated damages per day until a Master Work Plan which meets the Acceptance Criteria is provided.

#### ***9.2.1.2 System Development Plan***

Contractor shall provide a System Development Plan as required by Exhibit 1, Statement of Work, Paragraph 4.1.1, System Development Planning, by the time required in Exhibit 3 Deliverables and Milestones. If the State Project Manager determines that Contractor has not provided a System Development Plan which meets applicable Acceptance Criteria within the time required, Contractor shall be assessed \$1,200 as liquidated damages per day until a System Development Plan which meets the Acceptance Criteria is provided.

#### ***9.2.1.3 Project Maintenance Plan***

Contractor shall provide a Project Maintenance Plan as required by Exhibit 1, Statement of Work, Paragraph 4.3.2, Project Maintenance Planning, by the time required in Exhibit 3 Deliverables and Milestones. If the State Project Manager determines that Contractor has not provided a Maintenance and Operations Plan which meets applicable Acceptance Criteria within the time required, Contractor shall be assessed \$1,200 as liquidated damages per day until a Maintenance and Operations Plan which meets the Acceptance Criteria is provided.

#### ***9.2.1.4 Operations Plan***

Contractor shall provide an Operations Plan as required by Exhibit 1, Statement of Work, Paragraph 4.4.1, System Operation Planning, by the time required in Exhibit 3 Deliverables and Milestones. If the State Project Manager determines that Contractor has not provided a Systems Operations Plan which meets applicable Acceptance Criteria within the time required, Contractor shall be assessed \$1,200 as liquidated damages per day until a System Operations Plan which meets the Acceptance Criteria is provided.

#### ***9.2.1.5 System Requirements Evaluation Report***

Contractor shall provide a System Requirements Evaluation Report as required by Exhibit 1, Statement of Work, Paragraph 4.1.2, System Requirements Validation, by the time required in Exhibit 3 Deliverables and Milestones. If the State Project Manager determines that Contractor has not provided a System Requirements Evaluation Report which meets applicable Acceptance Criteria within the time required, Contractor shall be assessed \$1,200 as liquidated damages per day until a System Requirements Evaluation Report which meets the Acceptance Criteria is provided.

#### ***9.2.1.6 Documentation***

Contractor shall provide to the State, in a timely manner, all System Documentation as required by Exhibit 1, Statement of Work to include:

1. General System Design defined in the SOW Paragraph 4.1.4, General System Design (GSD)
2. Architecture Design Specification defined in SOW Paragraph 4.1.5, Architecture Design Specification (ADS)

3. Detailed System Design defined in the SOW Paragraph 4.1.6, Detailed System Design (DSD)
4. User Documentation defined in the SOW Paragraph 4.1.7, Coding and Documentation, item 3.
5. System Test Plan and Test Materials Packet defined in SOW Paragraph 4.2.1, Test Planning and Deliverables.

If the State Project Manager determines that Contractor has not provided all required System Documentation meeting SOW requirements within the time required in the Master Work Plan, the State Project Manager shall impose liquidated damages of \$2,500 per document per day or portion thereof, until the documents are provided to the State.

### **9.2.2 Corrective Action Plan**

Contractor shall provide and execute Corrective Action Plans pursuant to Exhibit 1, Statement of Work, Paragraph 3.2.9, Corrective Action Plan, and as directed by the State. If the Contractor fails to prepare a CAP acceptable to the State by the agreed upon due date, Contractor shall be assessed liquidated damages of \$1,200 for each day, or portion thereof, that an acceptable CAP remains undelivered.

For each delivered CAP, if the CAP is not successfully executed or its execution does not correct the identified Defect to be remedied by the CAP, or correct the Defect within the time specified in the CAP, the Contractor shall be assessed liquidated damages of \$2,800 for each day, or portion thereof, where the CAP Defect remains uncorrected.

### **9.2.3 Failure to Correct a Defect**

Contractor shall correct all Defects as required by Exhibit 1, Statement of Work, Paragraph 4.3.4, Defect Corrections, in a timely manner. If the State Project Manager determines that Contractor has not corrected a Priority 1 or 2 Defect in the time required in the Exhibit 1, Statement of Work, Paragraph 4.3.4, Defect Corrections, the State Project Manager shall impose liquidated damages of \$1,200 per day until the Defect is corrected.

### **9.2.4 Performance Standards**

The State shall assess Contractor liquidated damages as set forth below if Contractor does not meet the applicable System Performance Standards. The Contractor shall provide the State a monthly Report that accurately tracks and reports performance for each of the Performance Standards to be measured under this Paragraph.

#### ***9.2.4.1 Cascading Liquidated Damages for Performance Standards***

In the event of cascading Contractor Performance Standard failures resulting from a single Performance Standard failure subject to liquidated damages, the State will be entitled to assess only the highest liquidated damages amount resulting from the single Performance Standard failure. There will be no concurrent application of Performance Standard liquidated damages resulting from cascading failures related to a single failure.

#### **9.2.4.2 Payroll Services Performance**

Contractor shall perform all tasks necessary for Payroll Services, as defined in Exhibit 1, Statement of Work Paragraph 4.6.3, Payroll Processing Services. All Payroll Services shall be 100% accurate. For purposes of assessing liquidated damages 100% accurate means all data entry, calculations, and information is error free. If Contractor does not perform Payroll Services as required with 100% accuracy, Contractor shall be assessed \$100 per day per instance (single warrant or single provider data record), to a maximum of \$10,000 per day as liquidated damages.

All Payroll Services shall be performed in a timely manner. For purposes of assessing liquidated damages, timely manner means Payroll Services are completed within the time required in applicable Federal and State statutes, regulations, administrative guidance and policies (including without limitation IRS, FTB, Board of Equalization and EDD Guides), court rules and orders. In addition, timely manner shall mean that payroll services are completed in the time provided in Table 1. If Contractor does not perform Payroll Services as required in a timely manner Contractor shall be assessed \$100 per day per instance (single warrant or single provider data record) as liquidated damages.

During the DDI phase, Liquidated damages for Payroll Services shall take effect 7 days after the moment CMIPS II is first used for production operations during the two-county pilot rollout defined in SOW Paragraph 4.5.6, Pilot Operation, and shall be suspended for 3 days for each quarterly implementation rollout following the moment CMIPS II is first used for production operations for the county group being implemented as described in SOW Paragraph 4.5.2, Statewide Implementation Planning, item 8.

**Table 1. Payroll Services**

<b>PAYROLL ACTIVITY</b>	<b>MUST BE COMPLETED</b>
Include all timesheet entered data into payroll record	Within one business day of entry
Processes Payroll - Prepare and send SCO a payroll warrant tape claim file information and EFT pre-note cases	A minimum of once a day - Monday through Friday
Deliver claims schedule and files to SCO	Before 10:30 a.m. Daily - Monday through Friday
Update system with warrant records from SCO	A minimum of once a business day
Deliver EFT schedule and files to SCO, and update EFT records in system from SCO	A minimum of once a month
Update system with re-deposited and cleared warrant and EFT information from STO	Once a business day
Update W-4 and DE 4 forms and records	By the end of the next pay period after receipt at Contractor's site
Return incorrectly or incompletely filled out W-4 and DE 4 forms to individual providers	Within 10 days from receipt at Contractor's site
Update W-5 information in system	Prior to the end of the payroll period the W-5 is received in
Return incorrectly or incompletely filled out W-5 forms to the County	Within 10 days from receipt at Contractor's site
Fully process liens	Within 10 days of receipt at Contractor's site

#### ***9.2.4.3 CMIPS II System Online Availability***

Contractor shall maintain CMIPS II System Online Availability of 99.7 percent measured on a calendar month basis and 99.7 percent measured on a calendar year basis. This Online Availability is based on 100 percent of PCSP/IPW/IHSS Residual offices connected directly via the DTS Wide Area Network (WAN) having full functionality online processing access to the CMIPS II system 5 days a week (Monday through Friday) from 6:00 a.m. to 7:00 p.m. throughout the Operational Calendar Year. If Contractor does not meet this Performance Standard in any one calendar month, the State shall assess liquidated damages of \$3000 an hour, or portion thereof, for every hour in the calendar month or calendar year that the System Online Availability requirements are not met.

#### ***9.2.4.4 CMIPS II System Response Times***

Contractor shall maintain System Response Times as provided in Table 2, below. System response time is defined as the elapsed time, starting when the user request is identified in the System, and ending when the request has been processed and sent back from the System. System Response Times will be measured hourly.

**Table 2. System Response Times**

<b>RESPONSE TIMES AND STANDARD</b>	<b>TASK TYPES</b>
One second or less 95% of the time per task	For processing that does not interact with the database
One second or less 90% of the time per task	For processing that interacts with the database
No response time shall exceed 15 seconds per task	For any other purpose, except as pre-authorized by the State Project Manager

If Contractor does not meet the above System Response Times Performance Standards, the Contractor shall be assessed liquidated damages of \$3,000 per hour, or portion thereof, that System Response Times are not met. Elapsed time spent in components that are not the responsibility of the Contractor shall be excluded from the response time measurement.

During the DDI phase, Liquidated damages for System Response Times shall take effect 15 days after the moment CMIPS II is first used for production operations during the two-county pilot rollout defined in SOW Paragraph 4.5.6, Pilot Operation, and shall be suspended for 5 days for each quarterly implementation rollout following the moment CMIPS II is first used for production operations for the county group being implemented as described in SOW Paragraph 4.5.2, Statewide Implementation Planning, item 8.

#### ***9.2.4.5 CMIPS II User Response Times***

Contractor shall maintain User Response Times as provided in Table 3, below. User response time is defined as the elapsed time, starting when the user initiates a processing step from the client, e.g., mouse click or keyboard entry, and ending when all data has been passed back to the client, processed, displayed and the client is again available for user interaction.

**Table 3. Users Response Times**

<b>RESPONSE TIMES AND STANDARD</b>	<b>TASK TYPE</b>
Two seconds or less 90% of the time per task	For processing that does not interact with the database
Three seconds or less 90% of the time per task	For processing that reads the database
No response time shall exceed 15 seconds per task	For any other purpose, except as pre-authorized by the State Project Manager

If Contractor does not meet the above User Response Times Performance Standards, the Contractor shall be assessed liquidated damages of \$3,000 per hour or portion thereof that User Response Times are not met. Elapsed time spent in components that are not the responsibility of the Contractor shall be excluded from the response time measurement.

During the DDI phase, Liquidated damages for User Response Times shall take effect 15 days after the moment CMIPS II is first used for production operations during the two-county pilot rollout defined in SOW Paragraph 4.5.6, Pilot Operation, and shall be suspended for 5 days for each quarterly implementation rollout following the moment CMIPS II is first used for production operations for the county group being implemented as described in SOW Paragraph 4.5.2, Statewide Implementation Planning, item 8.

### **9.2.5 Staff**

Contractor shall provide Staff pursuant to Key Staffing Requirements specified in Exhibit 1, Statement of Work, Paragraph 3.2.2.3, Key Staff. In the event Contractor does not provide required Staff or provide State access to required Staff, the State Project Manager shall assess liquidated damages at the rate of \$2,500 per day for each required Staff member not so provided, unless the failure to provide or provide access to such staff is beyond Contractor's control.

### **9.2.6 Turnover Services**

Contractor shall implement the Project Closeout Plan and perform all tasks in a timely manner, including but not limited to, the transfer of all materials, documentation, licenses, tools, and related data so that there is no disruption or discontinuity in CMIPS II service from Contractor to the State or State's designee. The State shall assess liquidated damages in the amount of \$10,000 per day for any failure of Contractor to comply with any Project Closeout Plan requirements. Any duties and obligations of the Contractor under the Contract necessary to complete closeout that have not been performed at the time of Contract termination shall holdover and continue in effect beyond any expiration or termination of the Contract term. It shall be a pre-condition to Contractor receiving any final payments under the Contract, including any withholds, that Contractor shall have completed all work and provided all materials for the complete migration of CMIPS II to the State or State's designee.

### **9.2.7 Payment Withhold - Design, Development, and Implementation Phase (DDI)**

The State shall withhold the full amount of the fixed price for the DDI sub-phases identified in Paragraph 6.3, Invoicing Events of this Contract for services performed during the DDI Contract if the sub-phase milestone is not successfully completed, resulting in the State's determination

that the sub-phase does not meet the milestone review's requirements for that sub-phase as defined in SOW Paragraph 5.3.4.3, Milestone Reviews.

### **9.2.8 Release of Payment Withholds**

For each month that a payment or a portion thereof is withheld, the State shall continue to withhold said amount until the Deliverable or Service is provided and meets Acceptance Criteria for which the payment withhold is associated.

### **9.2.9 Conditions for Termination of Liquidated Damages**

Except as waived by the State Project Manager, no liquidated damages imposed on the Contractor shall be terminated or suspended until the Contractor issues a written notice of correction to the State Project Manager certifying the correction of conditions for which liquidated damages were imposed, and until all Contractor corrections have been subject to adequate system testing or other verification at the approval of the State Project Manager. Liquidated damages will cease on the day of the Contractor's certification if the correction is Accepted by the State or, where testing is necessary, subsequent testing of the correction establishes that the correction has been made in the manner and at the time certified by the Contractor. The State shall reasonably determine, within its sole discretion, whether the documentation provided is accurate and sufficient to verify corrections.

## **9.3 Deductions for Unauthorized System Access**

Contractor shall immediately notify the State of any access to CMIPS II by any unauthorized individuals. Contractor shall be liable to the State for any damages, losses or costs caused by or arising from the acts or omissions of Contractor, its officers, agents, or Subcontractors resulting from the failure of Contractor to prohibit unauthorized individuals from gaining access to the CMIPS II system or data as required by this Contract, including but not limited to, costs to the State of providing the notice required pursuant to California Civil Code Section 1798.29. Notwithstanding the foregoing, Contractor shall not be responsible for unauthorized system access caused by or arising from the actions or omissions of the State, Counties or federal agencies, or any of their employees, contractors, or consultants. Contractor's liabilities pursuant to this paragraph may, at the State's option, be deducted from amounts payable to Contractor. This liability of Contractor shall be in addition to any other liability for unauthorized system access established by this Contract or by operation of law.

## **9.4 Reductions in Payments Due**

Notwithstanding any other provisions of this Contract, amounts due the State by Contractor as liquidated damages, disputed or not, may be credited, deducted or off-set by the State from any money payable to Contractor pursuant to this Contract. Any such amounts due the State under this Contract may be applied against Contractor's invoices with appropriate information attached, upon giving of 30 days prior Notice by the State Project Manager to Contractor.

## **9.5 Right to Inspection**

The Deliverables and Services being provided by Contractor and its Subcontractors, if any, pursuant to this Contract, shall be available for inspection and review at any reasonable time by

representatives of the State or Federal government including, but not limited to, the State's Independent Verification and Validation vendor upon twenty-four (24) hours advance notice.

## **9.6 Stop Work**

### **9.6.1 Issuance of Stop Work Order**

The State may, at any time, by written stop work order provided to Contractor, require Contractor to stop all or any part of the work called for by this Contract for a period of up to 90 days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. Upon receipt of the stop work order, Contractor shall promptly comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within a period of 90 days after a stop work order is delivered to Contractor, or within any extension of that period to which the parties shall have agreed, the State shall either:

1. Cancel the stop work order; or
2. Terminate the work covered by the stop work order as provided for in Paragraph 16.2.1, Funding Changes, Paragraph 16.2.2, Default, or Paragraph 16.3, Termination for Convenience of the State of this Contract.

### **9.6.2 Cancellation of Stop Work Order**

If a stop work order issued under Paragraph 8.6.1, Issuance of Stop Work Order is canceled or the period of the stop work order or any extension thereof expires, Contractor shall resume work. The State shall make a reasonable adjustment in the Schedule, the Contract prices, or both, and this Contract shall be modified in writing accordingly, if:

1. The stop work order results in an increase in the time required for, and properly allocable to, the performance of any part of this Contract; and
2. The Contractor incurs reasonable costs associated with demobilizing or remobilizing personnel; and
3. Contractor asserts its right to a reasonable adjustment within 30 days after the end of the period of work stoppage; provided that if the State decides that the facts justify the action, the State may receive and act upon a proposal submitted at any time before final payment under this Contract.
4. If the parties are unable to agree on a reasonable adjustment to the Schedule, the Contract price or both, their disagreement shall be subject to the Disputes provisions at Paragraph 16.11 of this Contract.

If a stop work order is not canceled and the work covered by the stop work order is terminated in accordance with Paragraph 16.3, Termination for Convenience, the remedies provided in that Contract Paragraph shall apply. If a stop work order is not canceled and the work covered by the stop work order is terminated by default, the parties shall pursue their rights and remedies as described in this Contract. If the stop work order is not canceled and the work covered by the stop work is terminated for non-appropriation of funds, the remedies provided in 15.2.1 Funding Changes shall apply.

The State acknowledges that personnel assigned to perform Services under this Contract prior to the stop work order, including Key Staff may no longer be available for this Contract if the stop work order is cancelled, and agrees that the Contractor may use other personnel that meet State qualifications for this work, subject to the State's rights of pre-approval. While the Contractor will make reasonable efforts to retain Key Staff to work under this Contract, the Contractor will be excused from any liquidated damages associated with Key Staff under Subsection 8.2.5, Staff, if the failure to provide such staff is caused by a stop work order issued by the State.

## **9.7 Performance Bond**

The Contractor shall within 21 days of Contract Award furnish to the Deputy Director, Procurement Division, Department of General Services, at no additional cost to the State, a faithful Performance Bond guaranteeing Contractor's full and complete performance in all respects of the terms and conditions and provisions of this contract. The performance bond shall be in the amount of 50 percent of the total DDI Contract price. The Contract price for this period includes fixed price and fixed rate work and includes funds set aside to pay for work authorizations. The Performance Bond may be annually renewable and shall be renewed or a new bond provided annually so that a qualified Performance Bond remains in effect throughout the period of DDI until final State Acceptance of the production CMIPS II application and the State's written Acceptance of Statewide Implementation as measured by the successful completion of the Post Statewide Implementation Review. If an annually renewable Performance Bond is provided, the Performance Bond for contract years after the initial year shall be delivered to the State at least 30 calendar days prior to the expiration of the previous bond. If a Performance Bond is not provided as required then at that time the State will cease any progress payments on milestones not yet paid for and hold all such payments otherwise due to the Contractor pursuant to Paragraph 5.3, Invoicing Events until either a qualified annually renewable bond is provided or final State Acceptance of the production CMIPS II application and the State's written Acceptance of Statewide Implementation as measured by the successful completion of the Post Statewide Implementation Review. See Exhibit 4, Rates and Pricing, Total Proposal Cost Summary in the DDI column for the line for "Prime Contract Cost" for determining the total DDI Contract price. Performance bonds will not be returned upon the contract cancellation due to non-performance.

The California State Department of General Services shall be identified as the beneficiary. The bond shall be on a form from a surety insurer admitted to do business in California and must unconditionally guarantee the Contractor's complete performance of all terms of this Contract. The Performance Bond, including the terms and conditions for collecting on the bond, shall have been reviewed and pre-approved by the State.

## **10 WORK AUTHORIZATIONS**

### **10.1 General**

The State Project Manager may, at any time, by written Work Authorization, approve changes within the scope of this Contract if the State Project Manager determines that such changes are necessary to the successful accomplishment of the general scope of work of this Contract, or in the event work required by this Contract is no longer required or other changes in this Contract

must be made; provided, however, that no Work Authorization may be issued for changes outside the general scope of the contract. In such event, the procedures contained in this Contract Paragraph shall apply.

Potential Contract changes shall be identified and resolved through the Issue Management process, as defined in Exhibit 1, Statement of Work, Paragraph 3.2.4, Issue Management, prior to issuing a Work Authorization.

Contractor shall not make any changes, provide services or perform any work not required herein or affecting CMIPS II in any manner except through a Work Authorization with the State. Contractor shall not enter into any Work Authorizations or contracts, except where Contractor is subcontracting some of the work of this Contract pursuant to Paragraph 16.30 of this Contract, with third parties that affect CMIPS II in any manner.

## **10.2 Service Requests to Work Authorization**

Upon request in writing by the State, the Contractor shall conduct additional analysis and document the results in a Service Request as defined in Exhibit 1, Statement of Work, Paragraph 3.2.5, Change Management. If the Service Request is approved by the State Project Manager in writing, the Service Request shall be incorporated into and become part of the Work Authorization.

Contractor shall base prices for Service Requests on a reasonable number of Staff hours multiplied by the Per Hour Charge for such Staff from Exhibit 4, Rates and Pricing, plus any other reasonable costs to be incurred to effect the change at a fair and reasonable price. When there is a cost impact, i.e., increase or decrease in amounts to be paid under this Contract, Contractor shall advise the State in writing of: the increase, including a breakdown of the number of Staff hours by level of personnel to be needed to effect this change; or the decrease. Contractor will submit a System Service Request with a work cost estimate for approval by the State. Contractor will be paid for work under a Service Request based upon actual time and materials utilized to perform the authorized work but no more than the original work cost estimate. Contractor shall not charge the State for preparing any analysis or other documents necessary to evaluate and implement a Service Request/Work Authorization.

## **10.3 Work Authorizations Inclusion in Contract**

All Work Authorizations must be in writing and signed by the State Project Manager prior to beginning work. Upon execution by the State Project Manager of the Work Authorization, each such Work Authorization shall be incorporated into and become a part of this Contract and the terms and conditions of this Contract shall apply to all such Work Authorizations. In no event shall a Work Authorization be deemed to be a separate contract.

## **10.4 Work Authorization Stop Work**

The State has the right to require Contractor to stop or suspend work on a Work Authorization by prior written Notice in accordance with Paragraph 9.6, Stop Work of this Contract.

## **10.5 Disagreement, Claims and Termination**

### **10.5.1 Disagreement**

If the parties are unable to reach agreement within ten days of Contractor's response to a Work Authorization issued by the State, the State Project Manager may make a determination of the fair and reasonable price and Schedule and shall provide Contractor with a written explanation in the event of such determination. Following receipt of such written explanation, Contractor shall have no obligation to perform any work associated with a Work Authorization until either both parties execute the Work Authorization or conclude the dispute resolution proceedings pursuant to Paragraph 16.11. Notwithstanding the foregoing, if the parties are unable to reach agreement within ten days of Contractor's response to a Work Authorization issued by the State, if the State reasonably determines that such work is an emergency, the State Project Manager may direct the Contractor to promptly proceed with the work prior to execution of the Work Authorization by both parties and according to the Contract price and Schedule for such work as determined by the State Project Manager, subject to the Contractor's right to dispute the State Project Manager's determination of the price or Schedule for the emergency work.

### **10.5.2 Claims**

Within 30 days after receipt by the Contractor of a directive from the State that the Contractor must proceed with emergency work prior to execution of a Work Authorization, unless the period is extended by the State Project Manager in writing, Contractor shall file Notice of its intent to assert a claim for an equitable adjustment in price or schedule through the dispute process contained in Paragraph 17.11, Dispute Resolution of this Contract as a result of such Work Authorizations. No claim by Contractor for such an adjustment hereunder shall be allowed if Notice is not given prior to final payment under this Contract.

### **10.5.3 Termination and Cover**

If Contractor fails or refuses to perform a Work Authorization agreed upon by the State and Contractor, a Work Authorization required because of emergency or a Work Authorization determined to be appropriate at the conclusion of the dispute process of Paragraph 16.11, Contractor shall be in material breach of this Contract, and the State shall have the right to terminate this Contract for Default as provided in Paragraph 16.2.2, Default, or if Contractor fails to correct a material default within 30 days of receiving a cure Notice with respect to a Work Authorization, secure Cover pursuant to Paragraph 16.2.4, Cover of this Contract.

## **11 INSURANCE**

### **11.1 Liability and Auto Insurance**

Contractor shall obtain, before the commencement of its Services herein described, and, during the term of the Contracts, maintain, in full force and effect, the insurance coverage described in this Paragraph with an insurance carrier or carriers approved to do business in California. Contractor shall include the State as an additional named insured party in Contractor's general and automobile liability insurance policies obtained hereunder.

1. General public liability covering the risks of bodily injury, property damage and personal injury (including death): \$1 million per occurrence and \$2 million general aggregate;
2. Automobile liability (owned and unowned) covering the risks of public liability and property damage: \$2 million combined single limit; and
3. Professional Liability Insurance or a Fidelity bond, covering, among other matters, errors and omissions of Contractor in performing the Services: \$2 million per claim and in the annual aggregate.

## **11.2 Worker's Compensation Coverage**

Prior to performing Services under this Contract, Contractor shall provide or purchase worker's compensation coverage for Contractor's employees, as may be required under applicable law during the term of this Contract. A certificate of such insurance policy carried shall be furnished to the State upon request. Should Contractor fail to secure such coverage or fail to pay premiums, as may be required under applicable law, the State may deduct the amount of premiums and any penalties owing from the amounts payable to Contractor under this Contract and transmit the same to the appropriate State agency providing Worker's Compensation coverage. This provision does not waive any right to collect from Contractor amounts paid by the State.

The State shall not be responsible for payment of worker's compensation premiums or for any other claim or benefit for Contractor, or any Subcontractor or employee of Contractor, which might arise under the worker's compensation laws during performance of duties and services under this Contract. If the State determines at any time that worker's compensation payments are due and owing as a result of work performed under this Contract, those payments shall be made by Contractor.

## **11.3 Subcontractors**

Contractor shall require any and all of its Subcontractors to obtain and maintain similar policies of compensation insurance as described in this Paragraph 11, Insurance, or be properly certified under applicable State law as self-insured. A certificate of such insurance policy carried shall be furnished to the State upon request.

## **11.4 Premiums**

Premiums on all insurance policies shall be paid by Contractor or its Subcontractors. Such insurance policies provided for the State pursuant to this Paragraph 11, Insurance, shall expressly provide therein that the State be named as additional insured, and that it shall not be revoked by the insurer until 30 days notice of intended revocation thereof shall have first been given to the State by such insurer.

## **11.5 Certificates**

Contractor shall furnish to the State copies of certificates of all required insurance within 30 days of the Execution Date.

## **12 STATE PROPERTY**

### **12.1 Ownership**

The State shall retain title to all Property provided by the State to the Contractor for use in the Project.

### **12.2 Use of Property**

Any Property provided to Contractor shall, unless otherwise provided herein, or approved in writing by the State Project Manager, be used only for the performance of and subject to the terms of this Contract. Contractor's use of the Property shall be subject to the State's security, administrative and other requirements provided in writing to the Contractor.

### **12.3 Damage to Persons or Property**

Contractor shall protect and be responsible for any loss, destruction, or damage to State Property which results from or is caused by Contractor's negligent acts or omissions. Contractor shall repair or replace any State Property that is damaged, destroyed, or lost at the Facility or Sites caused by Contractor's negligent acts or omissions. Contractor shall be responsible for any personal injury at the Facility or Sites that may be caused by Contractor's negligent acts or omissions.

### **12.4 Notice of Damage**

Upon the loss of, destruction of, or damage to any of the Property, Contractor shall notify the State Project Manager thereof and shall take reasonable steps to protect that Property from further damage.

### **12.5 Surrender of Property**

Contractor will ensure that the Property will be returned to the State in like condition to that in which it was furnished to the Contractor, reasonable wear and tear excepted. Contractor shall surrender to the State all Property upon the earlier of it no longer being required or termination of this Contract. Upon failure to return the Property within 45 days of this Contract expiration or termination, Contractor shall be charged with reasonable costs of recovery, including without limitation transportation and attorney's fees.

## **13 CONFIDENTIAL INFORMATION**

### **13.1 Access and Nondisclosure Obligation**

During the term of this Contract, Contractor and the State will have access to and become acquainted with Confidential Information of the other party. The State and Contractor, and each of their officers, employees and agents, shall maintain all Confidential Information of the other party in strict confidence and shall not at any time use, publish, reproduce or disclose any Confidential Information, except to authorized employees, contractors, or agents requiring such information, as authorized in writing by the other party, to perform its obligations as authorized hereunder, or unless otherwise required by law.

### **13.2 Protective Measures**

Both parties shall take steps to safeguard the other party's Confidential Information against unauthorized disclosure, reproduction, publication, or use. Contractor shall have written policies governing access to, duplication, and dissemination of all such Confidential Information. Contractor shall take appropriate action, as reasonably determined by the State, with any persons permitted access to the State's Confidential Information so as to enable Contractor to hold the Confidential Information in confidence and otherwise to satisfy Contractor's obligations under this Contract. The use or disclosure by either party of any Confidential Information concerning the other party for any purpose not directly connected with the administration of the disclosing parties responsibilities with respect to Service(s) provided under this Contract is prohibited except by prior written consent of the other party, unless otherwise required by law.

### **13.3 Security Requirements**

Contractor, its officers, employees, and Subcontractors shall at all times comply with all security standards, practices, and procedures which are equal to or exceed those of the State, provided by the State to the Contractor in writing which the State may establish from time to time, with respect to information and materials which come into Contractor's possession and to which Contractor gains access under this Contract. Such information and materials include, without limitation, all Confidential Information.

### **13.4 Unauthorized Disclosure of Confidential Information**

Each party will immediately report to the other party any and all unauthorized disclosures or uses of the other party's Confidential Information of which it or its Staff is aware or has knowledge. Each party acknowledges that any publication or disclosure of the other party's Confidential Information to others may cause immediate and irreparable harm to the other party, and if either party should publish or disclose such Confidential Information to others without authorization, the other party shall immediately be entitled to seek injunctive relief to prevent further harm.

### **13.5 Public Records Request**

The State will notify Contractor as soon as reasonably practicable of any and all public records requests for Contractor's Confidential Information in accordance with and subject to applicable State laws regarding disclosure of such Confidential Information. If Contractor disagrees with disclosure of Contractor's Confidential Information by the State, Contractor shall have the right to contest its disclosure in accordance with State law.

### **13.6 Exceptions**

The following information shall not be considered Confidential Information for the purposes of this Contract: information which was already known to the receiving party, other than under an obligation of confidentiality, at the time of disclosure by the disclosing party; information which was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving party; information which now is or hereafter becomes publicly known by other than a breach hereof; information which is developed by one party independently of any disclosures made by the other party of such information; information which was received by the receiving party after disclosure to it from a third party who had a lawful right to disclose such

information to it; or information which is disclosed by a party pursuant to subpoena or other legal process and which as a result becomes lawfully obtainable by the public. The party who receives such a subpoena shall promptly notify the other party.

### **13.7 Written Staff Agreements**

Contractor agrees to cause Staff, which Contractor makes available the State's Confidential Information, to agree in writing to observe and perform all provisions of Contract Paragraph 13, Confidential Information. Submission by Contractor to the State Project Manager of Contractor's current internal process for ensuring the protection of Confidential Information substantially meets the requirements of this Paragraph 13.7.

### **13.8 Survival**

The provisions of this entire Paragraph 13, Confidential Information, shall remain in effect following the termination or expiration of this Contract.

## **14 OWNERSHIP AND RIGHTS**

### **14.1 State Ownership**

Ownership of the copyright and all other intellectual Property rights in the Deliverables, including Software, created, developed, produced or generated by Contractor in its performance of Services provided pursuant to this Contract shall vest in and remain with the State, subject to any licenses reserved by the federal government as required pursuant to federal law. For purposes of this Contract, "Deliverables" shall include any original work of authorship, including any written, pictorial, graphic or audiovisual work or sound recording, any Software and Software programming and modifications thereof, and any Documentation created by Contractor in the course of providing Services to the State pursuant to this Contract. All "Deliverables" shall constitute a "work made for hire" as such term is defined under United States copyright law and shall be the property of the State, and the State shall own all of the rights, including the rights of copyright in the work. To the extent any of the foregoing does not qualify as a "work made for hire," Contractor hereby irrevocably and exclusively assigns and transfers to the State, its successors, and assigns, all rights, title, and interests in and to all such "Deliverables", free and clear of any liens, claims or other encumbrances, to the fullest extent permitted by law. To the extent any of Contractor's rights in the Deliverables are not subject to assignment or transfer hereunder, including without limitation any moral rights, Contractor shall irrevocably and unconditionally waive all enforcement of such rights. Contractor shall promptly execute and deliver all documents and take any and all other actions that the State may reasonably request in order to assist the State in perfecting its rights in and to the work developed pursuant to this Contract. The Deliverables, including any Software, owned by or assigned to the State pursuant to this Paragraph 14.1 shall be understood to include but not be limited to Deliverables in any medium.

### **14.2 State Ownership and Federal Licenses**

The State shall retain all ownership rights in any Software or Modifications thereof and associated Documentation designed or developed for, or installed on the CMIPS II system. CMS

reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and otherwise use and to authorize others to use for Federal Government purposes such Software, Modifications, and Documentation. Commercial-off the Shelf (COTS) software shall not be subject to the ownership provisions in Paragraph 14.1, State Ownership, and 14.2, State Ownership and Federal Licenses, of this Contract.

Each party will retain all rights in any software, ideas, concepts, know-how, development tools, techniques or any other proprietary material or information that it owned or developed prior to the date of this Agreement without reference to or use of the intellectual property of the other party.

Contractor will retain all rights in any hardware and software used by Contractor in providing Time Sheet Processing services as a distinct fixed rate Service under the Contract. In such an event for purposes of Paragraph 13.1 of this Contract, the Deliverable is the Timesheet Processing Services and not the hardware and software used in providing such Services.

### **14.3 Contractor Ownership**

Ownership of the copyright and all other intellectual property rights or know-how in the Contractor Materials, including any software and tools used in the performance of this Contract, shall remain with Contractor and others from whom Contractor may have obtained a licensing right.

#### **14.3.1 Encryption/CPU ID Authorization Codes**

1. When Encryption/CPU Identification (ID) authorization codes are required to operate the software products, the Contractor will provide all codes to the State Data Center with delivery of the software.
2. In case of an inoperative CPU, Contractor will provide a temporary encryption/CPU ID authorization code to the State Data Center for use on a temporarily authorized CPU until the designated CPU is returned to operation.
3. When changes in designated CPUs occur, the State Data Center will notify the Contractor of such change. Upon receipt of such notice, Contractor will issue to the State Data Center within 24 hours, a temporary encryption ID authorization code for use on the newly designated CPU until such time as a permanent code is assigned.

#### **14.3.2 Future Releases**

During the term of the Contract if improved versions of any Contractor Materials are developed by Contractor, and are made available to other licensees, they will be made available to the State at the State's option provided such versions are operable on the same computer configuration. The charge for such upgraded software versions will be the difference between the price established by Contractor for the later version and the price specified in the Statement of Work or the then prevailing price of the currently installed version.

### **14.4 Rights in Data**

All literary works and all other works of authorship such as technical communications and records, papers, Reports, charts, computer programs and other Documentation prepared and

delivered by the Contractor specifically as part of the Services under this Contract but not including Contractor's administrative communications and records relating to this Contract shall be delivered to and become the exclusive Property of the State, except that exclusive Property of the State, as defined under this Paragraph, shall exclude all Contractor Materials, including derivative works thereof created under this Contract, which shall be the exclusive property of the Contractor. The State hereby grants to Contractor a nonexclusive, irrevocable, royalty-free license to use, execute, reproduce, create derivative works of, and sublicense all such State-owned Materials developed by Contractor under this Contract.

For any derivative works of Contractor Materials that are created under this Contract, Contractor hereby grants the State upon payment thereof, an irrevocable, non-exclusive, worldwide, paid-up perpetual license to use, execute, reproduce, display, perform, sublicense and/or distribute copies of such derivative works.

The ideas, concepts, know-how, or techniques relating to Services, developed during the course of this Contract can be used by either party in any way it may deem appropriate.

All inventions, discoveries, or improvements by the State of the computer programs developed pursuant to this Contract or any derivative work created hereunder of a State proprietary computer program shall be the Property of the State. The State hereby grants to Contractor an irrevocable, nonexclusive royalty-free perpetual license to use, execute, reproduce, display, perform, or sublicense any such invention, discovery, or improvement.

This Contract shall not preclude the Contractor from developing materials outside this Contract which are competitive, irrespective of their similarity to materials which might be delivered to the State pursuant to this Contract.

#### **14.5 Protection of Contractor Proprietary Software and Other Proprietary Data**

Subject to the Public Records Act, the State agrees that all material appropriately marked or identified in writing as proprietary to the Contractor, and furnished hereunder, are provided for the State's exclusive use for the purposes of this Contract only and will be held in confidence. All such proprietary data shall remain the property of the Contractor. State agrees to take all reasonable steps to insure that such proprietary data are not disclosed to others, without prior written consent of the Contractor.

The State will ensure, prior to disposing of any media, that any licensed materials contained thereon have been erased or otherwise destroyed.

The State agrees that it will take appropriate action by instruction, agreement or otherwise with its employees or other persons permitted access to licensed software and other Contractor proprietary data to satisfy its obligations under this Contract with respect to use, copying, modification and protection and security of Contractor proprietary software and proprietary data.

## **14.6 LICENSES**

### **14.6.1 License by Contractor**

1. Contractor hereby grants to the State a royalty-free, non-exclusive, perpetual, and irrevocable license to use Contractor Materials including, without limitation, the right to reproduce, publish, prepare derivative works based on, display, and distribute Contractor Materials to State agencies, Counties and any other third parties contemplated under this Contract. Such grant of rights by Contractor do not include any rights to use, modify, reproduce, perform, release, display, create derivative works from, or disclose Contractor Materials for commercial purposes. Commercial purposes are understood to not include governmental purposes including the use by governmental entities of licensed Contractor materials to operate government programs. As part of the license, Contractor agrees to provide to State all Updates to Contractor Materials within thirty days of such Updates becoming available for use by Contractor.

In addition, Contractor grants to the State a perpetual, worldwide, paid up, and non-exclusive license to Contractor's tools and methodologies to use, copy and modify solely for the purpose of maintaining, enhancing, or modifying the System, provided that if a third party vendor will have access to Contractor's tools and methodologies for such purpose, the State will require the third party vendor to agree to confidentiality provisions no less stringent than those contained in this Contract. Contractor warrants that the tools and methodologies which are the subject of this license have not been paid for by the State with federal funds so as to require State Ownership pursuant to 45 CFR 95.617.

2. The license hereunder is granted as of the Execution Date and continues until the State or its assignee or transferee discontinues the use of the Licensed Materials whereupon the State will destroy all copies of Contractor Materials in its possession.
3. Subject to the rights granted herein, Contractor shall hold all right, title and interest in the Contractor Materials.
4. The State agrees to: (i) refrain from reverse engineering, de-compiling, cross-compiling or disassembling any Software included in Contractor Materials; and (ii) reproduce and include the copyright and other proprietary notices and identifications provided by Contractor on Contractor Materials on any copies that are made of Contractor Materials, in whole or in part, and in any form or media.
5. Contractor shall provide two copies of any Documentation associated with any Contractor Materials to the State for each State and County Site that receives a copy of the Contractor's Materials.
6. All commercial off the shelf (COTS) software provided by Contractor as a Deliverable or part of a Deliverable will be licensed to the State subject to the standard license terms associated with the software product.

### **14.6.2 License from the State**

1. During the term of the Contract, the State hereby grants to Contractor a non-exclusive, non-transferable, royalty-free license to Contractor to use the State Materials internally for the sole purpose of supporting Contractor's performance under this Contract. Notwithstanding

the foregoing, Contractor shall have no license to reproduce, publish, modify, prepare derivatives, distribute, or sub-license State Materials without prior written consent of the State Project Manager.

2. During the term of the Contract and subject to the limitations of this Contract, Paragraph 13.6.2, State hereby grants to Contractor a non-exclusive, non-transferable, royalty-free license to use the State's name, trademarks, service marks, or any appropriate symbols, logos, or other designs ("Marks") that are identified with the State in the performance of Services under this Contract. Contractor shall use the Marks in a manner approved by the State Project Manager in writing prior to use.
3. Upon termination, expiration, or cancellation of this Contract for any reason, Contractor shall immediately cease using State Materials and Marks and shall, at the sole option of State, either return the State Materials to the State, or destroy the State Materials and certify to such destruction.
4. The State hereby grants to Contractor and its third party designees, a perpetual, transferable, worldwide, irrevocable license to use, copy, modify and prepare derivative works of the Deliverables and any applicable intellectual property rights vested in the State under this Paragraph 13 or that the State may file for, register or otherwise obtain in relation to, or resulting from any Deliverable (and/or component thereof), including without limitation any patent and any counterparts thereof, or any divisions, substitutes, continuation, reissues or reexaminations thereof (such rights including, without limitation, the right to make, have made, use, import, offer for sale and sell or otherwise provide or dispose of products and services using or incorporating the same) or to practice any process in connection therewith, with the right to sublicense same.
5. In the event that the State elects to file an application for patent in any jurisdiction respecting any Deliverable or any component thereof, the State shall promptly notify Contractor, and Contractor shall reasonably cooperate with the State in preparing and submitting the patent application. The State shall not be entitled, at any time, to file or seek to file an application for a patent which includes Contractor Materials.

## **15 INDEMNIFICATIONS AND LIMITATION OF LIABILITY**

### **15.1 Indemnification**

Contractor shall, at its expense, indemnify, defend, and hold harmless the State, including employees, officers, contractors and agents from and against any and all third party claims, losses, liability, damages, penalties, costs, fees, including, without limitation, reasonable attorney's fees, or expenses, including without limitation, interest expenses, caused by or arising from the negligent or intentionally tortious acts or omissions of Contractor, its officers, employees, agents, or Subcontractors, including without limitation:

1. Claims for bodily injury, death, or damage to property;
2. Claims resulting from Contractor errors related to payroll Services, including but not limited to late or inaccurate tax and government filings (such as the New Employee Registry and CA UIC 1088.5 and 1088.6), tax and FICA withholdings, reporting, or deposits. To the extent the State has knowledge of any errors related to payroll Services that are unknown to Contractor

the State will promptly notify the Contractor of such errors so that Contractor may attempt to correct such errors and thereby prevent any damages, losses or costs to the State;

3. Fraud on the part of Contractor or its representatives or Subcontractors;
4. Erroneous or duplicate postings to a Beneficiary or Provider account;
5. Damages or losses suffered by a Federal or State agency due to negligence on the part of Contractor;
6. Payment of applicable worker's compensation premiums or any claim for worker's compensation benefits by Contractor's agents, employees, representatives or Subcontractors;
7. Damages or losses caused by or arising from Contractor's failure to protect the State's Confidential Information pursuant to this Contract;
8. Claims, taxes, premiums or assessments grounded in an allegation that Contractors' employees, agents or Subcontractors are employees of the State.

Except for liability for Federal sanctions or penalties pursuant to Paragraph 15.4, Federal Sanctions or Penalties, in no event will the Contractor be liable under this Paragraph 15 for consequential damages even if notification has been given as to the possibility of such damages.

## **15.2 Other Claimants**

Contractor's obligations to indemnify, defend, and hold harmless include any claim by Contractor's agents, employees, or representatives, or any Subcontractor or its employees.

## **15.3 Intellectual Property**

### **15.3.1 State's Use of Deliverables**

Except as to claims concerning third party Hardware or Software, which shall be governed by Paragraph 14.3.2, Contractor shall, at its expense, defend, indemnify, and hold harmless the State from, any third party claim or action against the State which is based on a claim that the State's use of the Deliverables or any one or part thereof under this Contract infringes a patent, copyright, or other proprietary right of a third party or misappropriates a trade secret of a third party, and Contractor shall pay all liabilities, damages and costs (including reasonable attorney's fees) caused by or arising from such claim. The State will notify Contractor of any such claim and tender the defense thereof within a reasonable time. The Contractor will have sole control of the defense of any action on such claim and all negotiations for its settlement or compromise; provided that (i) when substantial principles of government or public law are involved, when litigation might create precedent affecting future State operations or liability, or when involvement of the State is otherwise mandated by law, the State may participate in such action at its own expense with respect to attorney's fees and costs (but not liability); (ii) the State will have the right to approve or disapprove any settlement or compromise, which approval will not unreasonably be withheld or delayed; and (iii) the State will reasonably cooperate in the defense and in any related settlement negotiations.

### **15.3.2 Third Party Obligation**

With respect to claims arising from computer Hardware or Software manufactured by a third party and sold by Contractor as a reseller, Contractor will pass through to the State such

indemnity rights as it receives from such third party ("Third Party Obligation") and will cooperate in enforcing them provided that if the third party manufacturer fails to honor the Third Party Obligation, Contractor will provide the State with indemnity protection equal to that called for by the Third Party Obligation. In no event shall Contractor's indemnity liability pursuant to this Section 14.3.2 Third Party Obligation be greater in the aggregate than ten percent of the Contract amount for the Design, Development, and Implementation (DDI) Phase. The provisions of this paragraph shall apply only to third party computer Hardware or Software sold as a distinct unit and Accepted by the State.

### **15.3.3 State Remedies**

In case the Deliverables, or any one or part thereof, are in such action held, or in the Contractor's opinion are likely to be held to constitute an infringement or misappropriation, or the use thereof is enjoined or restricted, Contractor shall, at its own expense: (i) procure for the State the right to continue using the Deliverables; or (ii) replace it with a non-infringing equivalent, or (iii) modify the Deliverables to comply with the Specifications and to not violate any Intellectual Property rights. If none of these options can reasonably be taken, or if the use of such Deliverables by the State shall be prevented by injunction, Contractor agrees to take back such Deliverables and refund any sums the State has paid Contractor for the Deliverables taken back, and make every effort to assist the State in procuring substitute Deliverables at a cost similar to the amount paid for the original infringing product(s). If, in the sole reasonable opinion of the State, the return of such infringing Deliverables makes the retention of other items of Equipment or Software acquired from Contractor under this Contract impractical, the State shall then have the option of terminating this Contract, or applicable portions thereof, without penalty or termination charge to the State and Contractor agrees to take back such Deliverables, including but not limited to Equipment or Software, and refund any sums the State has paid Contractor.

### **15.3.4 Restrictions on Use**

Notwithstanding the above, Contractor shall not indemnify the State to the extent that such claims arise from the State's misuse, modification or other alteration of the Deliverables and to the extent that such use or modification or other alteration to the Deliverables caused such infringement or misappropriation claim. However, the State shall be able to use the Deliverables in any legally permissible way, consistent with its ownership rights authorized under this Contract.

In addition, Contractor shall have no liability to the State under this paragraph which is based upon: (i) the combination or utilization of Deliverables furnished hereunder with Equipment or devices not made or furnished by the Contractor; or (ii) the operation of Equipment furnished by the Contractor under the control of any operating Software other than, or in addition to, the current version of Contractor-supplied Operating Software; or (iii) the modification by the State of the Equipment furnished hereunder or the Software; or (iv) the combination or utilization of Software furnished hereunder with non-contractor supplied Software.

### **15.3.5 Certification**

Contractor certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Contract for the acquisition, operation or maintenance of computer Software in violation of copyright laws.

### **15.4 Federal Sanctions or Penalties**

Notwithstanding any other provision of this Contract, Contractor shall not cause, through Contractor's willful or negligent errors or omissions, Federal penalties to be assessed against the State. Contractor shall indemnify the State for any funds the State pays to the Federal government to the extent such payments resulted from or were caused by the willful or negligent errors or omissions of the Contractor.

### **15.5 Limitation of Liability**

1. Contractor's liability for damages to the State for any cause whatsoever, and regardless of the form of action, whether in Contract or in tort, shall be limited to two times the Purchase Price during the period of DDI, and one time the purchase price for the period of M&O. For purposes of this sub-section: "Purchase Price" will mean the aggregate price the State will pay for the two Contracts; "DDI" is the period of Contract performance ending upon final State Acceptance of the production CMIPS II application and the State's written Acceptance of Statewide Implementation as measured by the successful completion of the Post Statewide Implementation Review; M&O is the period of Contract performance that begins upon termination of DDI and continues through the end of the contract.
2. The foregoing limitation of liability shall not apply (i) to liability under Paragraph 15.3, Intellectual Property or to any other liability (including without limitation indemnification obligations) for infringement of third party intellectual property rights; (ii) to claims arising under provisions herein calling for indemnification for third party claims against the State for bodily injury to persons or damage to real or tangible personal property caused by Contractor's negligence or willful misconduct; or (iii) to costs or attorney fees that the State becomes entitled to recover as a prevailing party in any action.
3. The State's liability for damages for any cause whatsoever, and regardless of the form of action, whether in Contract or in tort, shall be limited to the Purchase Price, as that term is defined in subsection 1 above. Nothing herein shall be construed to waive or limit the State's sovereign immunity or any other immunity from suit provided by law.
4. In no event will either the Contractor or the State be liable for consequential, incidental, indirect, special, or punitive damages, even if notification has been given as to the possibility of such damages, except (i) to the extent that Contractor's liability for such damages is specifically set forth in this Contract; (ii) to the extent that Contractor's liability for such damages arises out of subparagraph 2(i), or 2(iii) above; or (iii) to the extent liability is for Federal sanctions or penalties.

## **15.6 Contractor's Liability for Injury to Persons or Damage to Property**

1. The Contractor shall be liable for damages arising out of injury to the person and/or damage to the property of the State, employees of the State, persons designated by the State for training, or any other person(s) other than agents or employees of the Contractor, designated by the State for any purpose, prior to, during, or subsequent to delivery, installation, acceptance, and use of the Goods and Services either at the Contractor's site or at the State's place of doing business, provided that the injury or damage was caused by the fault or negligence of the Contractor.
2. Contractor shall not be liable for damages arising out of or caused by an alteration or an attachment not made or installed by the Contractor, or for damage to alterations or attachments that may result from the normal operation and maintenance of the Goods provided by the Contractor during the Contract.

## **16 TERMINATION**

### **16.1 Contractor's Rights of Termination**

Contractor may terminate this Contract if the State has materially breached this Contract, provided Contractor has given the State Notice of such breach, and the State has failed to Cure such breach within 60 days, or if not curable within 60 days fails to provide a State approved remediation plan within sixty (60) days to correct or cure any breach, after receipt of such Notice. California Counties are independent and separate legal entities from the State. Any County's preparedness, cooperation, and success in becoming operational with the CMIPS II application as scheduled are beyond the control of the Contractor or the State.

### **16.2 State's Rights of Termination**

#### **16.2.1 Funding Changes**

1. The State may immediately terminate this Contract, in whole or in part, and Contractor shall relieve the State of any further obligation therefore, effective upon delivery of Notice to Contractor, or at such later date as may be established in writing by the State, under any of the conditions described below in this Paragraph of this Contract. A termination by the State pursuant to this Paragraph of this Contract shall not be deemed a termination for default and Contractor shall be entitled only to payments in accordance with the terms of this Contract for Services rendered and Deliverables delivered and Accepted but not previously paid for by the State prior to the effective date of termination. Termination pursuant to this Paragraph may occur as a result of any of the following conditions:
  - a. Funding for this Contract is not appropriated, not obtained, or eliminated by applicable Federal or State funding sources; or
  - b. Federal or State statute, regulations or guidelines are modified, changed, or interpreted in such a way that the Services are no longer allowable or appropriate for purchase under this Contract or are no longer eligible for the funding proposed for payments authorized by this Contract.

2. After receipt of a Notice of Termination for Funding Changes, except as directed by the State, the Contractor shall immediately proceed with the following obligations, as applicable, regardless of any delay in determining or adjusting any amounts due under this clause. The Contractor shall:
  - a. Stop work as specified in the Notice of Termination.
  - b. Place no further subcontracts for materials, services, or facilities, except as necessary to complete the continuing portion of the Contract.
  - c. Terminate all subcontracts to the extent they relate to the work terminated.
  - d. Settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts;
3. If the Contractor and the State fail to agree on the amount to be paid because of the termination for funding changes, and subject to available program funds remaining, the State will pay the Contractor the following amounts; provided that in no event will total payments exceed the amount payable to the Contractor if the Contracts had been fully performed:
  - a. The Contracts' price for Deliverables or services accepted by the State and not previously paid for, adjusted for any savings on freight and other charges; and
  - b. The total of:
    - i) The reasonable costs incurred in the performance of the work terminated, including initial costs and preparatory expenses allocable thereto, but excluding any cost attributable to Deliverables or services paid or to be paid;
    - ii) The reasonable cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portions of the Contracts; and
    - iii) Reasonable storage, transportation, demobilization, unamortized overhead and capital costs, and other costs reasonably incurred by the Contractor in winding down and terminating its work.

The Contractor will use generally accepted accounting principles, or accounting principles otherwise agreed to in writing by the parties, and sound business practices in determining all costs claimed, agreed to, or determined under this clause.

### **16.2.2 Default**

The OSI Director or designee, by Notice to Contractor, may, subject to Paragraph 17.15, Force Majeure, contained herein, immediately terminate this Contract in whole or in part in the event of a material default by Contractor and the State shall be relieved of the payment of consideration to Contractor if Contractor, for causes within the control of the Contractor, fails to correct or Cure within 30 days of receipt of a Cure Notice issued by the State, or, if not correctable or curable within thirty (30) days, fails to provide a State approved remediation plan within thirty (30) days to correct or cure any material default, including without limitation any of the failures or events set forth below:

1. If Contractor fails to provide Services or Deliverables called for by this Contract within the time specified in the Master Work Plan or this Contract, or any extension thereof, including failing to achieve Acceptance of each of the Deliverables; or to achieve Acceptance of the

milestone reviews as required by the SOW Paragraph 5.3.4.3, Milestone Reviews, provided however, that if the State terminates the Contract under this subparagraph, any liquidated damages then being collected under Paragraphs 8.2.1 through 8.2.3 shall be suspended, and the State's remedies shall be pursuant to this Paragraph 15.2.2 Default:

- a. If the System fails to achieve one or more of the Performance Standards as required by this Contract for three consecutive calendar months.
  - b. If Contractor habitually and regularly fails to provide the Services, as required by this Contract, within the time specified and agreed to by the Contractor and the State and in accordance with this Contract.
  - c. If Contractor fails to perform any other provision of this Contract, or so fails to pursue the Services as to endanger timely performance of this Contract.
  - d. If Contractor habitually and regularly fails to correct Priority Level 1 and 2 Defects as set forth in SOW Paragraph 3.2.4, Issue Management, within the timelines set forth in SOW Paragraph 4.3.4, Defect Corrections.
  - e. If Contractor fails or refuses to perform a Work Authorization issued by the State Project Manager and designated as an emergency Work Authorization by the State Project Manager or a Work Authorization determined to be appropriate at the conclusion of the Dispute resolution process contained in Paragraph 16.11 of this Contract.
2. If any license or certification required by law or regulation to be held by Contractor to provide the Services required by this Contract is for any reason denied, revoked, suspended, or not renewed;
  3. If the State determines that the health, safety, or welfare of persons receiving Services may be in jeopardy by the Contractor's failure to perform;
  4. If the State finds in its reasonable discretion that Contractor has engaged in fraudulent acts in connection with the performance of this Contract;
  5. If the State finds in its reasonable discretion that there is a violation by the Contractor of the State's then-current conflict of interest rules, unless otherwise waived by the State in writing.

The State, may, in its sole discretion, extend the Cure period in writing upon a showing by the Contractor that the cure period should be extended for reasons beyond the Contractor's reasonable control.

### **16.2.3 Gratuities**

The State may, in addition to its other rights, immediately terminate this Contract for default if any gratuities in the form of entertainment, gifts or otherwise, were offered or given by Contractor to any officer, agent, representative, or an employee of the State, with a view towards securing this Contract or securing favorable treatment with respect to the awarding or amending or the making of any determinations with respect to this Contract.

### **16.2.4 Cover**

If, Contractor fails to correct a default of the Contract within 1) 30 days of receiving a Cure Notice, or 2) a lesser reasonable time specified in the Notice to Cure if the nature of the default requires a Cure to occur in a time less than 30 days, and in the reasonable judgment of the State a default by Contractor is not so substantial as to require termination, and the default is capable of

being cured by the State or by another resource without unduly interfering with continued performance by Contractor, the State may provide or procure the Services reasonably necessary to cure the default, in which event Contractor shall reimburse the State for the reasonable cost of the Services and of procuring the Services.

If the State terminates this Contract due to Contractor's material default, the State shall have the right to procure required Deliverables and Services as defined herein subject to the State's obligation to mitigate its damages and Contractor shall be liable for and pay for the costs of such Services or Deliverables to the extent provided by law or equity. The State shall have the right to deduct or withhold from any monies due or that thereafter become due to Contractor for this Contract or to require Contractor to pay the State for all additional costs for such Deliverables and Services which shall include, but not be limited to:

1. Any cost difference between the Deliverables and Services and the replacement Deliverables and Services; and
2. All reasonable administrative costs directly related to the termination including but not limited to the costs of re-procurement.

#### **16.2.5 Wrongful Termination for Default**

If, after Notice of Termination for default, it is determined by the State or a court of competent jurisdiction that Contractor was not in default or that Contractor's failure to perform was due to causes beyond its control and without material Error or negligence of Contractor or any of its Subcontractors or suppliers, the Notice of Termination may be deemed by the State to have been issued as a Termination for Convenience, and the rights and obligations of the parties shall be governed accordingly.

### **16.3 Termination for Convenience**

The State may terminate performance of work under this Contract for its convenience in whole or in part if the Department of General Services, Deputy Director, Procurement Division, or designee, determines that a termination is in the State's interest. The Department of General Services, Deputy Director, Procurement Division, or designee, shall terminate by delivering to the Contractor a Notice of Termination at least 30 days in advance of the effective date of termination and specifying the extent of termination and the effective date thereof. Upon such Notice and in the time designated by the State in its Notice, Contractor shall wind down and cease its services as quickly and efficiently as reasonably practicable, without performing unnecessary Services and by minimizing negative effects on the State from such winding down and cessation of Services. If this Contract is so terminated, the State shall be liable for payment in accordance with the terms of this Contract for services rendered prior to the effective date of termination and for expenses as described in Subparagraph 16.5.3. The State shall be relieved of any further obligations related to such Services.

### **16.4 Termination by Mutual Agreement**

This Contract may be terminated by mutual written agreement of both parties.

## **16.5 Termination Procedure**

### **16.5.1 Available Rights and Remedies**

Except as otherwise provided in this Contract, the rights and remedies of both parties provided in this Contract in the event of termination of this Contract for default or convenience, shall not be exclusive, and are in addition to any other rights and remedies by law or equity or under this Contract.

### **16.5.2 Disposition of Property**

In the event of Termination and upon payment therefore, Contractor shall deliver or convey title to the State or to another entity named by the State any Property specifically produced under this Contract, including without limitation, Developments, the Deliverables, work in process, partially completed plans, drawings, and information as designated by the State.

### **16.5.3 Contractor Compensation**

In the event of termination, the State shall pay the Contractor the prices stated in this Contract for the Deliverables and Services for which the State has given its Acceptance prior to termination and not previously paid for, adjusted for any savings on freight and other charges and subject to the State's rights and remedies herein. In addition, the State may purchase or license Contractor materials necessary to the continued operation of CMIPS II, including CMIPS II business processes provided that where the Contractor has billed the State for any such materials, no additional charge will apply.

Upon termination for Convenience, if the Contractor and the State fail to agree on the amount to be paid because of the termination for Convenience, the State will pay the Contractor the following amounts; provided that in no event will total payments exceed the amount payable to the Contractor if the Contract had been fully performed. The total of:

1. The reasonable costs incurred in the performance of the work terminated, including initial costs and preparatory expenses allocable thereto, but excluding any costs attributable to Deliverables or Services paid or to be paid;
2. The reasonable cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of the Contract; and
3. Reasonable storage, transportation, demobilization, unamortized overhead and capital costs, and other costs reasonably incurred by the Contractor in winding down and terminating its work.

In arriving at the amount due, Contractor shall deduct all payments to Contractor under the terminated portion of this Contract and any undisputed amount owed by Contractor to the State.

### **16.5.4 Assistance During Termination**

Upon and following any Notice of Termination of this Contract, each party will assist the other party in the orderly Termination of this Contract and the transfer of all assets, tangible and intangible, and of all Services, as may facilitate the orderly, non-disrupted continuation of CMIPS II by the State. Towards this end, Contractor shall assist the State at the State's request in

transitioning the Services to the State or another Contractor in accordance with the Project Closeout Plan as described in Exhibit 1, Statement of Work Paragraph 3.4, Project Closeout.

### **16.5.5 Contractor Actions After Notice of Termination**

After Contractor receives a written Notice of Termination, and except as otherwise directed by the State Project Manager, Contractor shall, regardless of any delay in determining or adjusting any amounts due under this Paragraph of this Contract:

1. Stop work on the date and to the extent specified in a Notice of Termination
2. Place no further orders and enter into no subcontracts for materials, services or facilities except as necessary to complete the portion of the work not terminated
3. Terminate all subcontracts to the extent they relate to the work terminated
4. Settle all outstanding liabilities and provide termination settlement proposals arising from the termination of subcontracts, the approval or ratification of which by the State will be final for purposes of this Paragraph of this Contract
5. Complete performance of the work not terminated
6. Take any action that may be reasonably necessary, or as the State may reasonably direct, for the protection and preservation of all the Property and processes related to this Contract that is in the possession of Contractor and in which the State has or may acquire an interest and to mitigate any potential damages or requests for adjustment or termination settlement to the maximum practical extent.

## **17 GENERAL PROVISIONS**

### **17.1 Americans With Disabilities Act**

Contractor assures the State that it shall comply with the Americans with Disabilities Act (ADA) of 1990 Public Law 101-336, 42 U.S.C. 12101 et seq., which prohibits discrimination on the basis of disability, as well as applicable regulations and guidelines issued pursuant to the ADA (28 C.F.R. Part 35).

### **17.2 Assignment**

This Contract shall not be assignable by the Contractor in whole or in part without the written consent of the State. For the purpose of this paragraph, State will not unreasonably prohibit Contractor from freely assigning its right to payment, provided that Contractor remains responsible for its obligations hereunder.

### **17.3 Assignment of Antitrust Actions**

Pursuant to Government Code Sections 4552, 4553, and 4554, the following provisions are incorporated herein:

1. In submitting a bid to State, the Bidder [i.e., Contractor] offers and agrees that if the bid is accepted, it will assign to the State all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act [Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the California

Business and Professions Code], arising from purchases of goods, materials, or services by the bidder for sale to the State pursuant to the solicitation. Such assignment shall be made and become effective at the time the State tenders final payment to the bidder.

2. If the State receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the State any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the State as part of the bid price, less the expenses incurred in obtaining that portion of the recovery.
3. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured hereby, or (b) the assignee declines to file a court action for the cause of action.

#### **17.4 Authority**

Contractor shall have no authority to bind, obligate, or commit the State by any representation or promise.

#### **17.5 Authorization**

Contractor warrants that it has full power and authority to enter into and perform this Contract, and the person signing this Contract on behalf of Contractor has been properly authorized and empowered to enter into this Contract and to bind Contractor to each and every one of the terms, conditions, and obligations set forth herein.

#### **17.6 Binding Effect**

Each party agrees that this Contract binds it and each of its officers, and those employees, agents, independent contractors, and representatives working on or otherwise associated with this Contract.

#### **17.7 Child Support Compliance Act**

Contractor acknowledges in accordance with Public Contract Code Section 7110 that:

1. Contractor recognizes the importance of child and family support obligations and shall comply with all applicable State and federal laws relating to child and family support enforcement including, but not limited to, disclosure of information and compliance with earnings assignment orders as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the California Family Code; and
2. Contractor to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

## **17.8 Safety and Accident Prevention**

In performing work under this Contract on State premises, Contractor shall conform to any specific safety requirements contained in the Contract or as required by law or regulation. Contractor shall take any additional precautions as the State may reasonably require for safety and accident prevention purposes. If such additional precautions are not immediately necessary to protect life or property, then such additional precautions shall be provided in writing by the State to the Contractor. Any violation of such rules and requirements, unless promptly corrected, shall be grounds for termination of this Contract in accordance with the default provisions hereof.

## **17.9 Order of Precedence**

In the event that there is a conflict between the documents comprising this Contract, the order of precedence shall be as follows:

1. Contract Amendments;
2. Work Authorizations, Maintenance Releases and Equipment substitutions;
3. The terms and conditions in the body of this Contract;
4. The Exhibits to this Contract, excluding Contractor's Final Proposal;
5. The Deliverables provided pursuant to Exhibit 3, Deliverables and Milestones;
6. All other Deliverables; and
7. Contractor's Final Proposal in response to RFP HHSDC-4130-141A, Case Management, Information and Payrolling System (CMIPS II).

## **17.10 Conflict of Interest**

### **17.10.1 Appearance of Conflict**

Contractor acknowledges that, in governmental contracting, even the appearance of a conflict of interest is harmful to the interest of the State. Thus, Contractor agrees to refrain from any practices, activities or relationships that could reasonably be considered to be in conflict with Contractor's fully performing his/her obligations to the State under the terms of this Contract. Contractor shall inquire and require disclosure by its Staff and Subcontractors of all activities that may create an appearance of conflict. In the event that Contractor is uncertain whether the appearance of a conflict of interest may reasonably exist, Contractor shall submit to the State Project Manager a full disclosure statement setting forth the relevant details of any activity which the Contractor reasonably believes may have the appearance of a conflict of interest for the State's consideration and direction. Failure to promptly submit a disclosure statement setting forth the relevant details for the State consideration and direction shall be grounds for Termination of this Contract.

### **17.10.2 Current or Former State Employees**

Contractor acknowledges it is aware of and shall take no action which causes State employees or officers to violate the following provisions regarding current or former State employees. If

Contractor has any questions on the status of any person rendering services or involved with this Contract, Contractor will contact the State Project Manager immediately for clarification:

1. Current State Employees (PCC 10410)
  - a. No State Officer or employee shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any State agency unless the employment, activity, or enterprise is required as a condition of regular State employment.
  - b. No officer or employee shall contract on that person's own behalf as an independent contractor with any State agency to provide goods or services.
2. Former State Employees (PCC 10411)
  - a. For the two-year period from the date of leaving State employment, no former State officer or employee may enter into a Contract in which that person was engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making-process relevant to this Contract while employed in any capacity by any State agency.
  - b. For the 12-month period from the date of leaving State employment, no former State officer or employee may enter into an agreement with any State agency if that person was employed by that State agency in a policy-making position in the same general subject area as the proposed agreement within the 12-month period prior to that person leaving State service.

## **17.11 Dispute Resolution**

### **17.11.1 Process**

When a bonafide dispute arises between the State and Contractor both parties shall attempt to resolve the dispute pursuant to this section 17.11.1. The parties shall deal in good faith and attempt to resolve potential disputes informally. Informal dispute resolution shall be initiated by the State Project Manager and Contractor Project Director each providing Notice to the other of the dispute, with the Notice specifying the disputed issues and the position of the party submitting the Notice. The State Project Manager and the Contractor Project Director shall use their best, good faith efforts to resolve the dispute within 10 days of submission by either party to the other of such Notice of dispute, or such other time as both parties shall agree upon.

If the dispute persists, and a final decision has not been rendered by the State, Contractor may submit to the State Project Manager a written demand for a final decision regarding the disposition of any dispute related to or involving this Contract. The State Project Manager will submit Contractor's request for a final decision to the Project Steering Committee who shall render the final decision. The Project Steering Committee shall include at least the Director of OSI, the Deputy Director of the Department of Social Services, and the Deputy Director of the Department of General Services Procurement Division, Purchasing Manager.

Contractor's written demand shall be fully supported by factual information, and if such demand involves a cost adjustment to the Contract, Contractor shall include with the demand a written statement signed by a person authorized to act on behalf of and to bind the Contractor indicating

that the demand is made in good faith, that the data supporting the cost adjustment are accurate and complete and that the amount requested accurately reflects the contract adjustment for which Contractor believes the State is liable. If the Contractor is not satisfied with the decision of the Project Steering Committee, the Contractor may appeal the decision to the Department of General Services, Deputy Director, Procurement Division.

Pending the final resolution of any dispute arising under, related to or involving this Contract, Contractor agrees to diligently proceed with the performance of this Contract with respect to Services and Deliverables that are not the subject of the dispute, including the delivery of Goods or providing of Services in accordance with the terms and conditions of this Contract . Contractor's failure to diligently proceed in accordance with the Contract shall be considered a material breach of this Contract.

### **17.11.2 Final Decision**

Any final decision of the State shall be expressly identified as such, shall be in writing, and shall be signed by the members of the Project Steering Committee or, if an appeal was made, by the Deputy Director Procurement Division. If the State fails to render a final decision within 90 days after receipt of Contractor's demand, it shall be deemed a final decision adverse to Contractor's contentions. The State's final decision shall be conclusive and binding regarding the dispute unless Contractor commences an action in a court of competent jurisdiction to contest such decision within 90 days following the date of the final decision or one (1) year following the accrual of the cause of action, whichever is later.

### **17.12 Drug-Free Workplace Certification**

Contractor certifies under penalty of perjury under the laws of the State of California that Contractor will comply with the requirements of the Drug Free Workplace Act of 1990 (California Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by Government Code Section 8355(a).
2. Establish a Drug-Free Awareness Program as required by Government Code Section 8355(b) to inform employees about all of the following:
  - a. The dangers of drug abuse in the workplace;
  - b. The person's or organization's policy of maintaining a drug-free workplace;
  - c. Any available counseling, rehabilitation and employee assistance programs; and
  - d. Penalties that may be imposed upon employees for drug abuse violations.
3. Provide as required by Government Code Section 8355(c), that every employee who works on the proposed or resulting Contract:
  - a. Will receive a copy of the company's drug-free policy statement; and
  - b. Will agree to abide by the terms of the company's statement as a condition of employment on the Contract.

### **17.13 Entire Agreement**

The State and Contractor acknowledge and agree to the following:

1. That they have read this Contract, understand it and agree to be bound by its terms and conditions;
2. That this Contract, including any documents incorporated herein by express reference, is intended to be a complete integration and there are no prior or contemporaneous different or additional agreements pertaining to the subject matter of the Contract.

### **17.14 Sweatfree Code of Conduct**

1. Contractor declares under penalty of perjury that no equipment, materials, or supplies furnished to the State pursuant to this Contract have been produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. Contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Industrial Relations website located at [www.dir.ca.gov](http://www.dir.ca.gov) and Public Contract Code Section 6108.
2. Contractor agrees to cooperate fully in providing reasonable access to its records, documents, agents or employees, or premises if reasonably required by authorized officials of the State, the Department of Industrial Relations, or the Department of Justice to determine Contractor's compliance with the requirements under paragraph (1).

### **17.15 Force Majeure**

Except for defaults of subcontractors at any tier, neither the Contractor nor the State shall be liable for any failure to perform if the failure to perform the Contract arises from causes beyond the control and without the fault or negligence of the non-performing Party. Examples of such causes include, but are not limited to:

1. Acts of God or of the public enemy, and
2. Acts of the federal, State or County government in either its sovereign or contractual capacity.

If the failure to perform is caused by the default of a subcontractor at any tier, and if the cause of the default is beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either, the Contractor shall not be liable for any excess costs for failure to perform, unless the subcontracted goods or services were obtained from other sources in sufficient time for the Contractor to meet the required delivery schedule.

### **17.16 Applicable Law**

This Contract shall be governed by and shall be interpreted in accordance with the laws of the State of California; venue of any action brought with regard to this Contract shall be in Sacramento County, Sacramento, California.

## **17.17 Headings**

The headings throughout this Contract are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Contract.

## **17.18 Independent Contractor Relationship**

Contractor and the agents and employees of Contractor, in the performance of this Contract, shall act in an independent capacity and not as officers or employees of the State.

## **17.19 Compliance With Statutes and Regulations**

1. Contractor warrants and certifies that in the performance of this Contract, it will comply with all applicable statutes, rules, regulations and orders of the United States and the State of California and agrees to indemnify the State against any loss, cost, damage or liability by reason of Contractor's violation of this provision.
2. This Contract is subject to the requirements of the World Trade Organization (WTO) Government Procurement Agreement (GPA).

## **17.20 Litigation**

### **17.20.1 Notice of Litigation**

Contractor shall promptly notify the State in the event that Contractor learns of any actual litigation in which it is a party or a defendant in a case which adversely impacts Services provided under this Contract. Contractor shall promptly, after being served with a summons, complaint, or other pleading which has been filed in any Federal or State court or administrative agency, deliver copies of such document(s) if publicly available to the CDSS General Counsel. The term "litigation" includes but is not limited to an assignment for the benefit of creditors and filings in bankruptcy, reorganization, or foreclosure.

### **17.20.2 Costs**

If the State shall, without any fault on its part, be made a party to any litigation commenced by or against Contractor in connection with this Contract, Contractor shall pay all costs and expenses incurred or imposed on the State, including attorneys' fees, to the extent arising from the acts or omissions of Contractor, its officers, employees, agents, or Subcontractors.

## **17.21 Maintenance and Audit of Records**

### **17.21.1 Maintenance of Records**

Contractor and its Subcontractors shall maintain a complete file of all records, documents, communications, and other materials which pertain to the Project or the delivery of Services under this Contract. These records shall be maintained according to generally accepted accounting principles and shall be readily separable from other Contractor records. Contractor shall maintain for a period of six years after the expiration or termination of this Contract the above-described records and records that are sufficient to:

1. Document the performance of all acts required by this Contract;
2. Substantiate Contractor's statement of its organization's structure, tax status, capabilities, and performance;
3. Support the accuracy of invoiced charges pursuant to this Contract ;
4. Ascertain that personnel policies, procedures and practices were in compliance with this Contract and applicable State and Federal law; and
5. Ascertain that all taxes and insurance required by State and Federal law and by the terms of this Contract were paid by Contractor.

#### **17.21.2 Right to Audit**

Contractor agrees that persons representing the State, including without limitation, the Health and Human Services Data Center, California Department of Social Services, Department of General Services, the California Department of Finance, the California Bureau of State Audits, and the Federal government, including without limitation, U. S. Department of Health and Human Services, CMS, the U.S. Comptroller General, or their designated representative(s) shall have the right to audit, inspect, review and copy any records and supporting documentation as described in Paragraph 16.21.1 and as required by law at any time during or after the performance of this Contract up to six years after final payment under this Contract, or for such further period as may be agreed to by the Parties, as may be necessary to resolve any matters which may be pending, or until an audit has been completed with the following qualification: If an audit by or on behalf of the Federal or State government has begun but is not completed at the end of the six year period, or if audit findings have not been resolved after a six year period, the materials shall be retained until the resolution of the audit findings Contractor agrees to allow the person(s) access to such records during normal business hours and to allow interviews of any employees or others who might reasonably have information related to such records. Notwithstanding the foregoing, nothing in this Subsection 16.21.2 or elsewhere in this Contract allows the State to have, nor shall the Contractor provide access to its internal financial records, such as profit and loss statements, except as required by law.

#### **17.21.3 Notice of Review**

Whenever reasonably possible, the State shall give Contractor advance written notice of any monitoring, auditing, observation, or visits by authorized persons to Contractor's place(s) of business. Such audit may include an audit of the books and records of Contractor, or any of its Subcontractors or prospective Subcontractors, which are related to the cost or pricing data to the extent required by Federal or State laws or regulations and this Contract or any subcontracts. Upon notification, except in exceptional circumstances, by the State to Contractor during any working day between the hours of 8:00 a.m. - 5:00 p.m., Pacific Time, all documentation, including accounting records, related to this Contract shall be available for and subject to review, inspection, copying (at the State's expense), and audit by the State or the U.S. Department of Health and Human Services, or other personnel duly authorized by the State.

#### **17.21.4 Data and Materials Property of the State**

All Data records, documents, communications, and other materials developed and used in the performance of this Contract shall be the Property of the State unless otherwise specified herein

and shall be maintained by Contractor and made, to the extent reasonably feasible, accessible within Sacramento County on behalf of the State, for a period of six years from the date of final payment under this Contract, or for such further period as may be necessary to resolve any matters which may be pending, or until an audit has been completed with the following qualification: If an audit by or on behalf of the Federal or State government has begun but is not completed at the end of the six year period, or if audit findings have not been resolved after a six year period, the materials shall be retained until the resolution of the audit findings.

#### **17.21.5 Subcontracts**

The records retention, review, inspection, audit, interview, copying, and other requirements of Paragraph 17.21, Maintenance and Audit of Records shall be incorporated by Contractor in all of its subcontracts.

#### **17.22 Contract Modification**

No amendment or variation of this Contract shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement, not incorporated into the Contract is binding on any of the parties.

#### **17.23 Nondiscrimination**

During the performance of this Contract, Contractor and its Subcontractors shall not unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment because of sex, sexual orientation, race, color, ancestry, religious creed, national origin, disability (including HIV and AIDS), medical condition (including cancer), age, marital status, use of family and medical care leave and pregnancy disability leave. Contractor and its Subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and its Subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this Contract by reference and made a part hereof as if set forth in full. Contractor and its Subcontractors shall give written notice of their obligations under this Paragraph to labor organizations with which they have a collective bargaining or other agreement. Contractor shall include the nondiscrimination and compliance provisions of this Paragraph in all subcontracts to perform work under this Contract.

#### **17.24 Notice of Delay**

When Contractor has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, Contractor shall, within five working days, give written Notice thereof, including all relevant information with respect thereto, to the State.

## **17.25 Notices**

Notice will be deemed to be given by the parties under this Contract if in writing and delivered personally or by messenger, or mailed by first-class, registered, or certified mail, postage prepaid, to the addresses noted below in this Paragraph of the Contract. Each party will provide Notice to the other of changes to such addresses.

Notice Address for Contractor:

Notice Address for the State:      State Project Manager  
CMIPS II Project  
Office of Systems Integration  
P.O. Box 138014  
Sacramento, CA 95813-8014

Notice Address for Litigation:      California Department of Social Services  
Legal Division, Office of the General Counsel  
744 P Street, MS 4-161  
Sacramento, CA 95814

## **17.26 Publicity**

Contractor shall not refer to the State of California, any office, agency, or officer thereof, or any State employee, including the head of the State, the State procurement officer, or to the Services or Deliverables, or both, provided under this Contract, in any of Contractor's brochures, advertisements or other publicity of Contractor without the prior written consent of the State Project Manager. Contractor agrees to submit to OSI's Director all advertising, sales promotions, news releases, and other publicity matters relating to this Contract or any Deliverable or Service furnished by Contractor wherein the State's name is mentioned or language used from which the connection of the State's name therewith may, in State's judgment, be inferred or implied. All media contacts with Contractor about the subject matter of this Contract shall be referred to the State Project Manager.

## **17.27 News Releases**

Unless otherwise exempted, news releases pertaining to this Contract shall not be made without prior written approval of the Department of General Services.

## **17.28 Remedies**

Except as provided herein, no remedy conferred by any of the specific provisions of this Contract is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder, now or hereafter existing at law

or in equity or by statute or otherwise. The election of any one or more remedies by either party shall not constitute a waiver of the right to pursue other available remedies.

### **17.29 Severability**

The Contractor and the State agree that if any provision of this Contract is found to be illegal or unenforceable, such term or provision shall be deemed stricken and the remainder of the Contract shall remain in full force and effect. Either party having knowledge of such term or provision shall promptly inform the other of the presumed non-applicability of such provision.

### **17.30 Subcontractors**

#### **17.30.1 Process**

Contractor may, with prior written permission from the State Project Manager, enter into subcontracts with third parties for the performance of any part of Contractor's duties and obligations. Any such permission may be rescinded for reasonable cause. Subcontractors identified in Contractor's Proposal shall be deemed to have prior written permission. Contractor is responsible and liable for the proper performance of and the quality of any work performed by any and all Subcontractors. In addition, Contractor's use of any Subcontractor shall not cause the loss of any warranty from Contractor or any software manufacturer or provider. The State reserves the right to reject or refuse admission to any Contractor or Subcontractor personnel whose workmanship, in the reasonable judgment of the State, is deemed to be substandard. In no event shall the existence of a subcontract operate to release or reduce the liability of Contractor to the State for any breach in the performance of Contractor's duties. Any permitted Subcontractor must submit to the State a tax clearance certificate from the Franchise Tax Board showing that any and all delinquent taxes have been paid. Subcontracts permitted by the State shall be subject to the applicable requirements of this Contract.

#### **17.30.2 Subcontractor**

Contractor agrees that any subcontract(s) resulting from its performance under the applicable terms and conditions of this Contract shall include a provision that the Subcontractor shall abide by the applicable terms and conditions hereof, as well as all other applicable Federal and State laws, and rules and regulations pertinent hereto that have been or may hereafter be established. Also, Contractor agrees that all subcontracts shall include a provision that the Subcontractor shall indemnify and hold harmless the State to the extent described in Subparagraph 15.1, Indemnification. Any contract between Contractor and its Subcontractors shall require the Subcontractors to adhere to the same Performance Standards and other standards required of Contractor as applicable to Subcontractor's services. Subcontractors must be qualified, as demonstrated by receiving professional certification(s) and license(s), to work on any Equipment for which their services are obtained.

### **17.31 Reference Check on Contractor and Subcontractor Staff**

Due to the confidential nature of the information and materials which will be accessible to Contractor, the State may request that the Contractor conduct reference checks on Contractor Staff to be used to provide the Services. The State may also request that Contractor conduct

criminal history, background checks, and fingerprint checks on Contractor Staff. The Contractor will remove and replace any Contractor staff who do not pass any such reference or background checks.

### **17.32 Survival**

The terms, conditions, and warranties contained in this Contract that by their sense and content are intended to survive the performance hereof by the parties hereunder shall so survive the completion of the performance, cancellation or termination of this Contract. In addition, the terms of Paragraphs 8.4, 12, 13, 14, 15, 16, and 17 (Four-Digit Date Compliance, State Property, Confidential Information, Ownership and Rights, Indemnifications and Limitation of Liability, Termination, and General Provisions) of this Contract shall survive the termination of this Contract.

### **17.33 Third Party Beneficiaries**

It is expressly understood and agreed that the enforcement of the terms and conditions of this Contract and all rights of action relating to such enforcement, shall be strictly reserved to the State and Contractor. Nothing contained in this Contract shall give to or allow any claim or right of action whatsoever by any third person. It is the express intention of the State and Contractor that any person or entity, other than the State or Contractor, receiving Services or Benefits shall be deemed an incidental beneficiary only, except as provided in Paragraph 14.2, State Ownership and Federal Licenses.

### **17.34 Counties are Independent Entities**

California Counties are independent and separate legal entities from the State. As a result, any particular County's preparedness, cooperation, and success in becoming operational with the CMIPS II application is beyond the control of Contractor or the State. The State shall not be liable to Contractor or in default under this Contract if a County is not prepared or is late in becoming operational with CMIPS II as scheduled and Contractor shall not be liable for delays caused by a County.

### **17.35 Waiver of Rights**

Any action or inaction by the State or the failure of the State on any occasion, to enforce any right or provision of the Contract, shall not be construed to be a waiver by the State of its rights hereunder and shall not prevent the State from enforcing such provision or right on any future occasion. The rights and remedies of the State herein are cumulative and are in addition to any other rights or remedies that the State may have at law or in equity.

### **17.36 Water or Air Pollution Violation**

Under the State laws, Contractor shall not: (1) violate any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) be subject to a cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally be determined to be in violation of provisions of Federal law relating to air or water pollution.

### **17.37 Priority Hiring Considerations**

Contractor shall give priority consideration in filling vacancies in positions funded by this Contract to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with PCC Section 10353.

### **17.38 Follow-On Contracts**

#### **17.38.1 Prohibition**

If the Contractor or its affiliates provided Technical Consulting and Direction (as defined below), the Contractor and its affiliates: (i) will not be awarded a subsequent Contract to supply the service or system, or any significant component thereof, that is used for or in connection with any subject of such Technical Consulting and Direction; and (ii) will not act as consultant to any person or entity that does receive a Contract described in sub-section (i). This prohibition will continue for one (1) year after termination of this Contract or completion of the Technical Consulting and Direction, whichever comes later.

"Technical Consulting and Direction" means services for which the Contractor received compensation from the State and includes: (i) development of or assistance in the development of work statements, specifications, solicitations or feasibility studies; (ii) development or design of test requirements; (iii) evaluation of test data; (iv) direction of or evaluation of another contractor; (v) provision of formal recommendations regarding the acquisition of Information Technology products or services; or (vi) provisions of formal recommendations regarding any of the above. For purposes of this Paragraph, "affiliates" are employees, directors, partners, joint venture participants, parent corporations, subsidiaries, or any other entity controlled by, controlling, or under common control with Contractor. Control exists when an entity owns or directs more than fifty percent (50%) of the outstanding shares or securities representing the right to vote for the election of directors or other managing authority.

#### **17.38.2 Application**

The restrictions set forth in this Paragraph are in addition to conflict of interest restrictions imposed on public contractors by California law ("Conflict Laws"). In the event of any inconsistency, such Conflict Laws override the provisions of this Paragraph, even if enacted after execution of this Contract.

### **17.39 National Labor Relations Board Certification**

Contractor swears under penalty of perjury that no more than one final, unappealable finding of contempt of court by a Federal court has been issued against the Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of the National Labor Relations Board. This provision is required by, and shall be construed in accordance with, PCC Section 10296.

### **17.40 Recycling**

Contractor hereby certifies under penalty of perjury that a percentage (0% to 100%) of the materials, goods, supplies offered, or products used in the performance of this Contract meet or

exceed the minimum percentage of recycled material as defined in PCC Sections 12161 and 12200.

### **17.41 Expatriate Corporations**

Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of PCC Section 10826 and 10826.1, and is eligible to contract with the State.

### **17.42 Domestic Partners**

Contractor certifies that it is in compliance with PCC Section 10295.3 with regard to benefits for domestic partners. If this Contract is executed or amended on or after July 1, 2004 and prior to January 1, 2007, Contractor may require an employee to pay the costs of providing additional benefits that are offered to comply with PCC Section 10295.3.

### **17.43 Use Tax Collection**

In accordance with PCC Section 10295.1, Contractor certifies that it complies with the requirements of Section 7101 of the Revenue and Taxation Code. Contractor further certifies that it will immediately advise State of any change in its retailer's seller's permit or certification of registration or applicable affiliate's reseller's permit or certificate of registration as described in subdivision (a) of PCC Section 10295.1.

## **EXHIBIT 1: STATEMENT OF WORK**

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## **EXHIBIT 2: SYSTEM REQUIREMENTS**

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## **EXHIBIT 3: DELIVERABLES AND MILESTONES**

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## **EXHIBIT 4: RATES AND PRICING**

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## **EXHIBIT 5: CERTIFICATIONS**

I, the official named below CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to and do legally bind Contractor to comply with the clauses listed below. This certification is made under the laws of the State of California.

Name of Contractor/Company:

Federal ID Number:

Address:

Officials Name (Print):

Signature:

Title

Executed in the County of \_\_\_\_\_, on this Date \_\_\_\_\_

### **1. Statement of Compliance**

Contractor has, unless exempted, complied with the nondiscrimination program requirements (GC 12990 (a-f) and CCR Title 2, Section 8103). Refer to General Terms and Conditions, Paragraph 17, General Provisions.

### **2. Drug-Free Workplace**

Contractor shall comply with the requirements of the Drug-Free Workplace Act of 1990 and shall provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
  - i) The dangers of drug abuse in the workplace;
  - ii) The person's or organization's policy of maintaining a drug-free workplace;
  - iii) Any available counseling, rehabilitation and employee assistance programs; and
  - iv) Penalties that may be imposed upon employees for drug abuse violations.
- c. Provide that every employee who works on the Contract will:
  - i) Receive a copy of the company's drug free policy statement; and
  - ii) Agree to abide by the terms of the company's statement as a condition of employment on this Contract.

Failure to comply with these requirements may result in suspension of payments under this Contract or termination of this Contract or both and Contractor or grantee may be ineligible for award of any future State contracts if the Director of HHSDC or designee determines that any of the following has occurred: (1) Contractor or grantee has made false certification, or (2) violates the certification by failing to carry out the requirements as noted above. (GC 8350 et seq.)

### **3. National Labor Relations Board**

Contractor certifies that no more than one (1) final, unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court which orders Contractor to comply with an order of the National Labor Relations Board. (PCC 10296)

4. Worker's Compensation

Contractor certifies adherence with the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with such provisions before commencing the performance of the work of this Contract.

5. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions

Contractor certifies adherence with the regulations implementing Executive Order 12549, Debarment and Suspension, 29 C.F.R. Part 98, Section 98.510, Participant's Responsibilities. The regulations were published as Part VII of the May 26, 1988 Federal Register (pages 19160 to 19211).

6. Certification Regarding Lobbying

Contractor certifies, to the best of his or her knowledge and belief, that:

No federal appropriated funds have been paid or will be paid, by or on behalf of the above-signed, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, the above-signed shall complete and submit Standard Form - LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The above-signed shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreement) and that all subrecipients shall certify and disclose accordingly.

Submission of this certification is a prerequisite for making or entering into this transaction and is imposed by Section 1352, title 31, U.S. Code. This certification is a material representation of fact upon which reliance was placed when this transaction was made and entered into. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

## **EXHIBIT 6: PERFORMANCE BOND**

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## **EXHIBIT 7: FEDERAL ASSURANCES-NONCONSTRUCTION PROGRAMS**

Contractor shall at all times during the term of the Contract strictly adhere to all applicable federal and State laws and implementing regulations as they currently exist and may hereafter be amended. Contractor acknowledges that the following laws are included into (incorporated by reference) into this Contract:

- |  |                                    |
|--|------------------------------------|
| 1. Age Discrimination Act of 1975                | 42 U.S.C. ss 6101 et seq.          |
| 2. Age Discrimination in Employment Act of 1967  | 29 U.S.C. ss 621-634               |
| 3. Americans with Disabilities Act (ADA)         | 42 U.S.C. ss 12101 et seq. of 1990 |
| 4. Equal Pay Act                                 | 29 U.S.C. s 206(d)                 |
| 5. Immigration Reform and Control Act of 1986    | 8 U.S.C. s 1324b                   |
| 6. Section 504 of the Rehabilitation Act of 1973 | 29 U.S.C. s 794                    |
| 7. Title VI of the Civil Rights Act of 1964      | 42 U.S.C. s 2002d                  |
| 8. Title VII of the Civil Rights Act of 1964     | 42 U.S.C. s 2000e                  |
| 9. Title IX of the Education Amendments of 1972  | 20 U.S.C. ss 1681, et seq.         |
| 10. Section 306 of the Clean Air Act             |                                    |
| 11. Section 508 of the Clean Water Act           |                                    |

Contractor will not discriminate against any person on the basis of race, color, national origin, age, sex, religion, or handicap, including Acquired Immune Deficiency Syndrome (AIDS) or AIDS related conditions, in performance of work under this Contract, and all relevant Sections of:

1. Executive Order 11246, as amended by Executive Order 11375.
2. Department of Labor Relations (41 C.F.R. Part 60)
3. Section 503 of the Rehabilitation Act of 1973, as amended.
4. Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1970.
5. The Drug Abuse Office and Treatment Act of 1972.
6. The Comprehensive Alcohol Abuse and Alcoholism Treatment Act of 1970.
7. Sections 523 and 527 of the Public Health Services Act of 1912.
8. Title VIII of the Civil Rights Act of 1968 (42 U.S.C. s 3601).

Contractor shall also comply with any and all laws and regulations prohibiting discrimination in the specific programs which are the subject of this Contract. In consideration of and for the purpose of obtaining any and all federal or State financial assistance, Contractor makes the following assurances:

1. At all times during the performance of this Contract, no qualified individual with a disability shall, by reason of such disability, be excluded from participation in, or denied benefits of service, programs, or activities performed by Contractor, or be subjected to any discrimination by Contractor.

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2. Contractor shall take all necessary affirmative steps, as required by 45 C.F.R. s 92.36(e), to assure that small and minority businesses and women's business enterprises are used, when possible, as sources of supplies for Equipment, and Services purchased under this Contract.
3. As required by Executive Order 12549, Contractor certifies to the best of its knowledge and belief that it, its principals, agents, and Subcontractors:
  - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from performing the terms of this Contract by a government entity, either federal, State, or local.
  - b. Have not within a three year period preceding this Contract been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, State, or local) transaction or contract under a public transaction, violation of federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.
  - c. Are not presently indicted for or otherwise criminally or civilly charged by a government entity (federal, State, or local) with the commission of any of the offenses enumerated in paragraph b of this section; and
  - d. Have not within a three year period preceding this Contract had one or more contracts with a public agency terminated for cause for default.
  - e. Contractor certifies that it will provide a drug-free workplace in accordance with the Drug-Free Workplace Act of 1988 and implemented at 45 C.F.R. Part 76, Subpart F for grantees, as defined at 45 C.F.R. Part 76, Sections 76.605 and 76.610.

## **EXHIBIT 8: VENDOR'S PROPOSAL**

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## **EXHIBIT 9: GLOSSARY AND ACRONYMS**

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